

JPRS 81063

16 June 1982

# Latin America Report

No. 2523

**FBIS** FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

16 June 1982

## LATIN AMERICA REPORT

No. 2523

## CONTENTS

## ENERGY ECONOMICS

## BRAZIL

PETROBRAS Production Rises 28.6 Percent in April (O ESTADO DE SAO PAULO, 11 May 82) .....	1
PETROBRAS Reduces Petroleum Imports From Iraq (JORNAL DO BRASIL, 7 May 82) .....	2
Renegotiation of Petroleum Import Contract To Be Kept Secret (CORREIO BRAZILIENSE, 1 May 82) .....	4

## COUNTRY SECTION

## INTER-AMERICAN AFFAIRS

Cuban President Talks to Argentine Journalists (Federico Vergara; NOTICIAS ARGENTINAS, 4 Jun 82) .....	5
Cuban Commentary Anticipates Argentine Realignment (Havana Domestic Service, 3 Jun 82) .....	8
Grenada's Whiteman Scores U.S., Praises Cuba (Unison Whiteman Interview; Havana Domestic Television Service, 28 May 82) .....	10
Briefs	
El Salvador-Honduras Border Talks	12
TACC Relations With UK	12
Cuba, Guyana Cooperation Agreement	12
Release of Social Christians Requested	13
Rebels Presence Denied	13
Mexico, Venezuela Suspend Air Traffic	13

## ARGENTINA

Rupture Within CGT Termed Inevitable (LA PRENSA, 15 May 82) .....	14
Details Behind Division Within CGT Revealed (LA NACION, 24 May 82) .....	17
UIA Labels Emergency Measures 'Inadequate' (LA PRENSA, 21 May 82) .....	20
CIPRA Raises Objections to Alemann's Emergency Measures (LA PRENSA, 21 May 82) .....	21
Soviet Technicians Installing Radar Network (Rosental Calmon Alves; JORNAL DO BRASIL, 4 Jun 82)....	22
Athos Fava Asserts Communist Solidarity (Athos Fava Interview;	23
Briefs Trade Canceled	24

## BELIZE

Briefs Oil Exploration Permitted	25
Agreement With EEC	25
Relations With FRG	25

## BOLIVIA

Siles on Amnesty, Political Ban Measure (AFP, 27 May 82) .....	26
COB's Lechin Oquendo Holds Press Conference (TELAM, 29 May 82) .....	27

## BRAZIL

Government Seeks Dominance of PDS in Electoral College (O ESTADO DE SAO PAULO, 11, 19 May 82) .....	28
New Government 'Package' Constitutional Amendment Sought, by Sergio Chacon	
Popularity of Governors Indicated by Gallup Poll (JORNAL DO BRASIL, 12 May 82) .....	32
Daily Notes Good Results of Figueiredo's Visit (Editorial; O GLOBO, 15 May 82) .....	38
Air Force Officer Comments on Vulcan Incident (Justo Piernes; TELAM, 4 Jun 82) .....	40



National Student Union President To Be Questioned by Police (O ESTADO DE SAO PAULO, 20 May 82) .....	41
New PRC Ambassador Says Increased Trade Important (O ESTADO DE SAO PAULO, 5 May 82) .....	43
Increase in Exports Under Study by Iraq (O ESTADO DE SAO PAULO, 25 May 82) .....	45
Briefs	
Military Port on Trinidade	47
Libyan Minister Arrival	47
CHILE	
Chilean Daily Views Soviet Position in Falklands Conflict (Editorial; EL MERCURIO, 19 May 82).....	48
Chilean Navy Official Reports on Soviet Ships (AFP, 29 May 82) .....	50
Briefs	
Reduction Public Employees' Wages Denied	51
Official Visit to Brazil	51
Diplomatic Relations With Burma Established	51
Leftists Gaining Strength	51
Meetings To Be Held October	52
COLOMBIA	
Documents Concerning Peace Commission Resignation Published (EL ESPECTADOR, 15 May 82) .....	53
Lleras Restrepo, Others Resign From Peace Commission (Cesar Vallejo Restrepo; EL TIEMPO, 14 May 82).....	61
COSTA RICA	
Government Note to UN on Embassy in Israel (Fernando Volio Jimenez; LA NACION, 22 May 82) .....	64
Minister Favors Calm Study of Regional System (San Jose Radio Reloj, 27 May 82) .....	66
Briefs	
Ambassadors Appointed	67
Oil Agreement	67
CUBA	
SWAPO Leader on Nonaligned Aid, Malmierca Speech (Havana Domestic Television Service, 3 Jun 82) .....	68

U.S. Attitude on Falklands Seen as Criminal (Havana International Service, 28 May 82) .....	69
Castro Addresses Youths During Isle of Youth Tour (Fidel Castro; Havana Domestic Television Service, 28 May 82) .....	71
Commentary Highlights Nonaligned 'Progress' (Havana Domestic Service, 7 Jun 82) .....	72
Eleven Dead, Heavy Losses in Wake of Hurricane Alberto (Havana Domestic Service, 4 Jun 82) .....	74
Pinar del Rio Flooded, 9,000 Evacuated (Miguel Valdes; Havana Domestic Service, 3 Jun 82) ...	75
Briefs	
Immigrants' Woes	76
Romania-Cuba Cooperation Agreement	76
Tanzanian Ambassador	76
Nonaligned Support for Argentina	77
Western Saharan Support	77
Bayamo To Host Anniversary	77
 EL SALVADOR	
Briefs	
New Bank President	78
New Undersecretaries	78
Press Repressed	78
 GUATEMALA	
U.S. 'Leftist Advice' to Central America Scored (Antonio Najera Saravia; PRENSA LIBRE, 21 May 82) .....	79
Christian Democrats Analyze Junta Actions (Guatemala City Trecevision, 3 Jun 82) .....	81
Labor Federation Says Massacres Increasing (Cadena de Emisoras Unidas; 28 May 82) .....	83
Briefs	
Armed Forces Repression	85
New Negotiations on Belize	85
New Ambassador to Mexico	86
Repression Reported	86

## MEXICO

Martinez Verdugo on Solution to Political Crisis (Rogelio Hernandez L.; EXCELSIOR, 21 Apr 82) .....	87
Alfa Industrial Group in Crisis (Juan Antonio Zuniga; PROCESO, 3 May 82) .....	89
Rise, Fall of Alfa Group Recounted (Francisco Ortiz Pinchetti; PROCESO, 17 May 82) .....	93
Harsh Impact on Monterrey Traditional Rules Broken	
Case of PST Candidate's Disappearance (Jose Alberto Lopez Sustaita; EL DIA, various dates).....	110
Candidate Is 'Key Witness' Incident Formally Reported Safe Recovery	
PSUM Candidate Victim of Shooting in Guaymas (Nidia Marin; EXCELSIOR, 24 Apr 82) .....	113
Deeper Involvement by Chief Executive Urged (Editorial; EXCELSIOR, 3 May 82) .....	114
Report on De La Madrid 'Estado de Mexico' Tour (Alfredo Ramos Ramos; EXCELSIOR, 24 Apr 82) .....	115
Distribution of Congressional Seats Calculated (Ramon Morones C.; EXCELSIOR, 12 Apr 82) .....	118
Call for Action Against U.S. Illegals (Aurelio Tamez Garcia Interview; EXCELSIOR, 4 May 82)....	123
Figures on 1981 Cash Flow From Country (Jesus Rangel; EXCELSIOR, 16 May 82).....	125
De La Madrid Speaks on Relations With U.S. (Carlos Canton Zetina; EXCELSIOR, 15 Apr 82) .....	127
Business Leader Basagoiti Offers Views on Society, Economy (Jose Maria Basagoiti Noriega Interview; PROCESO, 3 May 82)	134

## NICARAGUA

D'Escoto Reiterates Solidarity With Argentina (AFP, 28 May 82) .....	138
---	-----

USSR Delegation To Review Hydroelectric Projects (EL NUEVO DIARIO, 22 May 82) .....	139
--	-----

#### Briefs

International Help Sought	141
Socialist Meeting Maneuvers Fail	141
Brazilian Credit Agreement	142
Netherlands Government Donation	142
Peruvian Credit	142
Aid From West Germany	142
Monetary Council Loan	142
Argentine Relief Aid	142
New Justice Minister	143
Mozambique Agricultural Agreement	143
Soviet Health Cooperation	143
Youth Delegation to USSR	143
Agricultural Training in Cuba	143
New State Council Offices	143
Mexican Cultural Agreement	143
Banco Popular Financing	144
Machinery Purchase Negotiations	144
Government Changes	144
Cuban Delegation Visits	145
Nonaligned Meeting Invitation	145

#### PANAMA

Illueca: Inter-American System 'Destroyed' (Jorge Illueca Interview; Havana Domestic Television Service, 2 Jun 82) .....	146
--	-----

Illueca on Western View of Latin America (Jorge Illueca Interview; Havana International Service, 3 Jun 82) .....	148
--	-----

Illueca Describes Charges as Against UK, Not Thatcher (Rene Hernandez; Circuito RPC Television, 31 May 82).....	150
--	-----

#### Briefs

U.S. Embassy Changes	152
U.S. Liaison Commissions	152
Honduran Ambassador's Farewell	153
New PRD President	153

#### PERU

Richard Webb Discusses Emergency Economic Measures (EL COMERCIO, 8 May 82) .....	154
---	-----

Peruvian Trade With Japan Estimated at \$252 Million in 1981 (EL COMERCIO, 15 Apr 82) .....	155
Briefs	
GDR Minister's Visit	157
Chinese Technical Delegation	157

## PETROBRAS PRODUCTION RISES 28.6 PERCENT IN APRIL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 May 82 p 36

[Text] Showing a rising trend which has characterized it since the beginning of the year, the nation's petroleum output in April rose 28.6 percent compared to the same month in 1981. That adds up to 8.52 million barrels as against 6.2 million barrels in April of last year.

In April, the daily average national petroleum output was 268,000 barrels whereas in March it had been 260,000 barrels, in February 253,000, and in January 247,000 barrels. According to PETROBRAS [Brazilian Petroleum Corporation], which released the statistics yesterday, "the high national output growth index is primarily due to the major contribution from the advanced production systems installed in the Campos basin which went up 120.3 percent, rising from 1,339,036 barrels in April of last year to 2,949,243 barrels in April of this year."

The petroleum output on the continental shelf continued to exceed that of the on-shore sedimentary basin in April. Here, 4.35 million barrels were taken out of the maritime fields, as against 3.70 million from the on-shore fields. During the first quarter, the petroleum output totaled 30,888,686 barrels, an increase of 22.2 percent compared to the cumulative output during the same period of time in 1981.

## National Petroleum Production (in barrels)

Key:

	State	Abril/82	Abril/81	Jan/Abr/82	Jan/Abr/81
(1) Ceara	(1) CE	3.701.886	3.565.241	14.707.439	14.292.703
(2) Rio Grande do Norte	(2) RN	13.020	57	56.747	912
(3) Alagoas	(3) AL	110.241	81.132	442.068	351.606
(4) Sergipe	(4) SE	1.083.312	940.356	4.221.500	3.637.454
(5) Bahia	(5) BA	2.092.144	2.137.419	8.337.589	8.709.210
(6) Espirito Santo	(6) ES	380.043	404.522	1.585.350	1.588.898
(7) Maranhao	(7) MAR	4.350.359	2.699.205	16.181.247	10.965.285
	CE	212.532	219.639	838.556	644.201
	RN	465.005	365.060	1.936.001	1.498.230
	SE	357.386	453.998	1.515.244	1.901.218
	BA	202.917	257.693	1.124.283	1.060.391
	ES	73.276	63.779	319.396	259.643
	RJ	2.949.243	1.339.036	10.447.787	5.601.602
	TOTAL	8.052.045	6.262.446	30.888.686	25.257.986

5058

Source: PETROBRAS

CSO: 3001/140

## PETROBRAS REDUCES PETROLUEM IMPORTS FROM IRAQ

Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 May 82 p 22

[Text] PETROBRAS [Brazilian Petroleum Corporation] reduced its imports of petroleum from Iraq from 210,000 barrels per day to 160,000 barrels per day after two of its three oil pipelines were bombed and destroyed by Syria. The decline in purchases will not affect the country because PETROBRAS "can direct its imports to other countries and can even increase purchases from Saudi Arabia, Kuwait, and Nigeria, since the oil market is still a buyer's market."

This information came from PETROBRAS business manager Carlos Sant'Anna. He also said that Brazil basically will not be harmed because its stockpiles at this time are in good shape since it purchased 4.5 million barrels of oil at \$28 and \$27 per barrel on the spot market last month; this is \$6 less than the OPEC price.

The proposal to reduce sales to Brazil came from the government of Iraq after the destruction of its two oil pipelines which reduced the country's imports from 1.2 million barrels per day to 600,000. According to Sant'Anna, PETROBRAS promptly accepted Iraq's suggestion as a precautionary measure and for convenience.

PETROBRAS was afraid of another bombing of the only pipeline from Iraq which runs through Turkey. That would mean the suspension of the supply of its 210,000 barrels per day quite by surprise; this is the largest amount purchased from a single country. And then there was the matter of prices. Iraq is selling its petroluem at \$34 per barrel, whereas the average price at which PETROBRAS purchased oil until April was \$31.70.

The drop of \$2-3 per barrel this year reduced the purchase of oil this year. According to Sant'Anna, PETROBRAS until April imported 3.1 billion barrels as against 3.6 billion barrels during the same period in 1981. If the import cutback continues and above all if the price drop continues, he believes that Brazil will, by the end of this year, have spent between \$8.5 and \$9 billion on petroleum, as against \$10 billion spent last year.

The business manager also thinks that, judging by the first review of the last 4 months, Brazil will have to increase its exports of petroleum byproducts and thus exceed the amount of \$1.3 billion in 1981. Until April, PETROBRAS registered sales of \$390 million as against \$346 million in 1981.

Sant'Anna also announced that PETROBRAS is receiving an Iranian mission this month, made up of 14 government enterprise managers. They will try, among other things, to establish sales with Brazil; they will offer petroleum, probably below official prices, because the Iranians are selling oil at \$30.20 per barrel in exchange for Brazilian goods.

5058

CSO: 3001/140



## RENEGOTIATION OF PETROLEUM IMPORT CONTRACT TO BE KEPT SECRET

Brasilia CORREIO BRAZILIENSE in Portuguese 1 May 82 p 8

[Text] The renegotiation of petroleum import contracts by PETROBRAS [Brazilian Petroleum Corporation] will be conducted in absolute secrecy by the enterprise and by other government agencies which are involved in the matter so as not to harm the possibilities of bargaining in other negotiations.

This information was supplied yesterday by sources in the office of the minister of mining and energy, emphasizing that the stability of the international petroleum market determines the existence of quite "atypical" contracts, especially in terms of "recent historical background."

Technicians at the Ministry recalled that some countries, which had signed contracts for supplying petroleum to Brazil, refused to carry them out as a result of instability in the producing countries, as in the case of the war between Iran and Iraq, demanding renegotiation of prices, with the objective of bringing prices into line with increases ordered by the OPEC.

It was noted that the situation has changed as a result of the development of a big surplus on the international market and a drop in prices on the so-called "spot" market. The market therefore is currently typically a seller's market and no longer a buyer's market [as published] at a time when the situation of instability in the OPEC countries called for the formation of huge strategic stockpiles as a guarantee in case of more serious crises in the production and delivery of petroleum.

5058

CSO: 3001/140

## CUBAN PRESIDENT TALKS TO ARGENTINE JOURNALISTS

PY040653 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0259 GMT 4 Jun 82

[Report by Federico Vergara]

[Text] La Havana, 3 Jun (NA)--"The Argentines will not be defeated even if the enemies should obtain [military] victories," thus Fidel Castro, president of the Cuban Council of Ministers, tersely summed up his opinion for a group of Argentine journalists who came here to cover the meeting of the nonaligned countries.

"Argentina's victory is our victory," Castro said, and then added: "I feel that a Latin American sentiment is deepening."

Tonight he made an impassioned defense of the Argentine position on the South Atlantic crisis, and termed the Costa Mendez message before his peers as "very clear, well [word indistinct], a real presentation."

Castro made those remarks during an informal talk--and informality that seems to be hallmark of all his official or unofficial statements--with Argentine journalists, whom he approached unexpectedly, covering the ratification ceremony of an economic and technical agreement for \$100 million. The agreement had been signed by Havana and Buenos Aires some years ago.

As the Argentine and Cuban foreign ministers proceeded to carry out the ratification ceremony, Fidel Castro made an unusual remark in an informal and friendly manner which set the tone of the ceremony.

Since heavy and intermitent rains have been falling on Havana for some days, Castro asked the journalists "how did you manage to get here?" in a witty vein. Going along with Castro's wit, an Argentine journalist replied "swimming."

Making a gesture toward the water that was running into the hall where the ceremony was taking place, Castro said: "Everything is flooded here."

Minutes later and in a frank talk with the journalists, Castro praised the Argentine foreign minister's words appealing to the nonaligned countries to ratify their support for Argentina.

Castro said that the foreign minister's message "defined the Argentine position" regarding the different crises in various parts of the world. He added that, in his opinion, Argentina will receive "broad support" from the nonaligned countries.

Castro observed that "there was some confusion about the Argentine position, but that the confusion had been cleared up now." He then added that "another eloquent example was the Argentine foreign minister's allusion to the case of South Africa."

Castro said that "South Africa had attacked Namibia, Angola and then bombarded Mozambique." He then asked "Why the EEC, which is applying sanctions against Argentina, does not do the same against South Africa, and it does not even criticize South Africa's wrongdoings."

He then said that "another valid argument is that almost all the countries present at the meeting of nonaligned countries had to fight to gain their independence."

Referring to the recovery of the Malvinas later, Castro told the Argentine journalists: "You did it in an elegant manner, cleanly without shedding blood."

Answering a question, Castro noted that "the form should not be discussed; we should not discuss the form of the struggle against colonialism. Support for Argentina is growing and the ranks of the aggressors are weakening."

Referring to the sinking of the cruiser "General Belgrano" by the British fleet, Castro said that "it was a holocaust, a cruel form of waging a war." At this point during the talk, Castro's countenance had notably changed. He was no longer speaking in the witty tone with which he began kidding with the journalists. His face was tense and his words of condemnation were stressed with hand gestures.

The talk lasted more than half an hour. After the first 10 minutes, however, Castro excused himself and left the hall to return later, confronting the journalists saying: Now it is my turn to ask questions."

The message which Fidel Castro delivered to the Argentine journalists no doubt marked a day filled with clues and historical significance. The talk was really unexpected but, in a strange way, it corroborated opinions expressed earlier by a veteran Havana journalist to this special NOTICIAS ARGENTINAS envoy.

The Cuban colleague had said to this envoy: "No doubt the question begins here, and many things will happen from now on."

The message of the Argentine foreign minister to his colleagues of the nonaligned countries made it clear that this was an unusual situation in Argentina's relations with the nonaligned countries and in relation to their fundamental objectives in international politics.

That idea was elaborated on by Fidel Castro tonight when he said that the Costa Mendez message, among other things, had been valuable "to clarify Argentina's position" regarding crucial problems in international relations.

The plenum of the nonaligned countries' foreign ministers, in preparation for the chiefs of state meeting to be held in Baghdad next September, will convene tomorrow. But it will certainly be just an act of protocol since the important developments took place between this afternoon's early hours and midnight in Argentina, that is to say, between Costa Mendez' impassioned speech and the fervent support for Argentina expressed tonight by the "commander in chief of Cuba" as Castro is usually called here by everyone.

Perhaps it will not be prudent to anticipate the significance for the continent's history of the statements this envoy had the occasion to hear in the Cuban capital, but it does not seem to be a hasty assessment to say that for the time being those statements seem to be an incipient rearrangement of the Latin American front.

CSO: 3010/1654

CUBAN COMMENTARY ANTICIPATES ARGENTINE REALIGNMENT

FL031944 Havana Domestic Service in Spanish 1700 GMT 3 Jun 82

[Revolutionary Armed Forces and Interior Ministry combatants political information program commentary]

[Text] The so-called Malvinas conflict, or--same thing--the Anglo-U.S. aggression against Argentina, has not only become the focus of world attention but also a great belligerent confrontation with unfathomable consequences.

In light of events, it will change the foreign policy of many countries in the American continent. Hence, the question posed by many: Will it be Argentina's job to lay down the new political guidelines in Latin America and in the struggle against despised colonialism?

Perhaps we can find the answer in the words of Brig Basilio Lami Dozo, a member of the ruling junta and chief of the Argentine Air Force, when he said: The future Argentina should emerge from an endeavor in which all sectors of the country must participate. He then said: When the war is over, the country will have to take a new position in the world.

To some observers, Brigadier Lami Dozo's words are a prediction that once the war ends, substantial economic, political and, especially, foreign policy changes will take place in Argentina.

What other reaction can be expected when the mighty friend, the big neighbor to the north, the U.S. Government, allied itself with Great Britain to slaughter the children of Argentina who are fighting in defense of its sovereignty? The yankee imperialists are friends only of NATO, the unbridled arms race, fabulous business deals and the dollar. They will never feel respect or solidarity for any nation. Once more they have demonstrated this. Right is definitively on the side of the peoples and right is prevailing. The peoples of the continent have publicly offered their support, in all

spheres, to attacked Argentina. If this support is accepted through the sovereign decision of the Argentine Government and peoples, the British aggressor will be hit with the force of hurricane winds.

The peoples of Latin America and the Caribbean will draw their own conclusions from the conflict. Who their real friends and enemies are has been clearly demonstrated. With this new imperialist aggression, our America strengthens its unity in defense of its historic destiny advocated by Marti, Bolivar, San Martin, Sucre and many other heroes. This destiny is none other than true and final independence.

CSO: 3010/1654

## GRENADA'S WHITEMAN SCORES U.S., PRAISES CUBA

FL281634 Havana Domestic Television Service in Spanish 1100 GMT 28 May 82

[Interview with Grenadian Foreign Minister Unison Whiteman in Havana, during "Revista de la Manana" program; answers in English as provided by Whiteman, with consecutive Spanish translation--live]

[Text] [Question] As a first question, Unison, we would like you to discuss the current Caribbean situation, particularly the aggressions and provocations to which Grenada has been subjected.

[Answer] Well, as you know, the Reagan administration in the United States is at the moment carrying out a number of military maneuvers in the Caribbean of an aggressive character. This poses a great threat to the countries of the Caribbean, including to civilian air traffic in the Caribbean. They have been operating in such an arrogant manner that they have not even been specifying precisely where they are carrying out their maneuvers. To give you an idea of the seriousness of these maneuvers, we have been reliably informed that an aircraft carrying dignitaries from Grenada was followed for long distances a few days ago. I think these maneuvers are a threat to the Caribbean. But not only this: the U.S. administration has come up with a Caribbean basin plan, an economic plan, a financial plan, the aim of which is to try to divide the Caribbean, to put brother country against brother country. At the same time, there is a great spirit of practical cooperation in the region. We are convinced that the objectives of Reagan will not be realized. In our case, Grenada, we know that there is a threat to our country, so people are vigilant. Our people's militia is preparing so that in the event that they have to defend our fatherland, we will defend our fatherland.

[Question] We would like to ask you another question, the last one. It is closely related to Cuba's performance as president of the nonaligned movement. We would like to hear your opinion on this subject.

[Answer] I would say that Cuba has shown great leadership during its period as chairman: sober and mature leadership, always trying to achieve a consensus within the nonaligned movement and at the same time always taking initiatives. For instance, one recalls that famous speech by Comrade Fidel

to the UN General Assembly in 1979, where he tried to focus on the condition of the poor people of the world and demonstrated the link between the heavy spending on the arms race and development. I think that that speech placed the difficulties of the poor people of the world in a proper perspective. And I think it had a great impact on the thinking of the world for years.

Also, on the question of the difficulties of the war in Iraq-Iran, Cuba has been very busy trying to find a way, some kind of solution to this problem. And in the recent problem of the Malvinas [words indistinct] Cuba has placed (?this issue) in its proper perspective. (?As you know, certain forces are interested in confusing the nature of this conflict.) I think history will show that the position of Cuba is the correct one. [words indistinct] Cuba's tenure has been (?successful).

CSO: 3010/1652



## BRIEFS

EL SALVADOR-HONDURAS BORDER TALKS--Tegucigalpa--Alejandro Gomez Vides, Salvadoran deputy foreign minister, will arrive here on Monday as head of a Salvadoran government delegation. Gomez Vides and Rodolfo Rosales Avella, Honduran deputy foreign secretary, will resume the negotiation over the border problem which had been interrupted due to various reasons. Honduran Foreign Secretary Edgardo Paz Barnica has asked the Honduran delegation to submit a definite policy regarding the border demarcation to the Salvadoran delegation. As we have reported, the Honduran and Salvadoran foreign ministries have been reporting the progress made during the talks held after signing the general peace treaty on 30 October 1980 in Lima, Peru. Honduran official sources have also said that a meeting of the foreign ministers could take place after this meeting to reach an agreement over the demarcation of the border prior to the date set in the general peace treaty. [Text]  
[PA290456 San Pedro Sula LA PRENSA in Spanish 28 May 82 p 35]

TACC RELATIONS WITH UK--The Central American and Caribbean Anti-Imperialist Tribunal [TACC], headquartered in Managua, demanded today that the democratic governments of Latin America break diplomatic relations with the United Kingdom. TACC Executive Secretary Freddy Balzan said that the democratic countries must vigorously condemn the neocolonialist British attack in the southern Atlantic in the dispute with Argentina over the Malvinas. TACC condemns the intransigent attitude of Margaret Thatcher's government in its rejection of a cease-fire in the conflict with Argentina, which has already resulted in great economic and human losses, Balzan added. He emphasized that the world rejects the presence of British ships loaded with nuclear weapons in the warzone, which endangers the entire Latin American region. In assessing the neutrality of Colombia and Chile in this Anglo-Argentine dispute, Balzan stressed that this attitude shows that these governments are worst than the policy of imperialism. These governments do not reflect the statements of the liberators of America, Simon Bolivar and San Martin, but imperialist policy, he concluded. [Text]  
[PA292018 Managua Domestic Service in Spanish 0000 GMT 28 May 82]

CUBA, GUYANA COOPERATION AGREEMENT--The foreign ministers of Cuba, Isidoro Malmierca, and of Guyana, Rashleigh Jackson, have signed a memorandum of cooperation between the two ministries for the 1982-1983 period. The memorandum signed here yesterday and effective immediately, calls for the two ministries to strengthen and expand fraternal relations and bilateral cooperation and foresees the exchange of information regarding international topics of mutual interest. It also calls for joint efforts in other areas related to the work of the two ministries. [Text]  
[FL311325 Havana Domestic Service in Spanish 1000 GMT 31 May 82]

RELEASE OF SOCIAL CHRISTIANS REQUESTED--Today, Ricardo Arias Calderon, president of the Christian Democratic Organization of America, ODCA, sent a message to Daniel Ortega, coordinator of the junta of the government of national reconstruction of Nicaragua, asking for the release of the social Christian leaders who are imprisoned in that country. According to ACAN-EFE, Arias Calderon of Panama is asking for the release of (Julio Ramon Montes), (Jose Benito Ruiz), (Noel Sosa) and (Manuel Berrios Sandino) as proof of the Nicaraguan Government's respect for ideological pluralism. Arias Calderon told ACAN-EFE that (Montes) and (Ruiz), arrested 4 months and 17 days ago, are social Christian leaders of Leon Department. (Sosa) is the secretary of the social Christian revolutionary youth of Matagalpa and (Berrios) is a member of the organization. [Text] [PA050355 Panama City Televisora Nacional in Spanish 2300 GMT 4 Jun 82]

REBELS PRESENCE DENIED--Gen Rafael Macedo, Mexican ambassador to Guatemala, today said that there are no Guatemalan guerrillas or armed people in Mexican territory. He said that the Mexican Government keeps control of this. However, he indicated that Guatemalans, mostly peasants, are constantly arriving in Mexico, some looking for refuge and others looking for work in the Mexican coffee areas. The Mexican diplomat said that the number of Guatemalan refugees in Mexico is unknown but that a census will be made of who and how many are looking for refuge and who and how many are looking for work. He said that the results of this census will be known in a few days. Ambassador Macedo said that the flow of people entering Mexican territory is constant so it is difficult to know their exact number. Questioned about those responsible for the murder of a priest who helped Guatemalan refugees in southern Mexico, Macedo indicated that no results were obtained from investigation of this crime. As will be recalled, a priest and some peasants in a refugee camp in Mexican territory were killed by unidentified armed men about 2 months ago. The ambassador said that the Mexican authorities have control over all their territory. However, he indicated that those responsible for those murders have yet to be found. [Text] [PA071515 Guatemala City CADENA DE EMISORAS UNIDAS in Spanish 0050 GMT 4 Jun 82]

MEXICO, VENEZUELA SUSPEND AIR TRAFFIC--Mexico City, 31 May (NOTIMEX)--Communications and Transportation Secretary Emilio Mujica Montoya has announced that Mexico and Venezuela today suspended their bilateral air traffic operations. He said that this measure followed a change in the navigation policy of Venezuela, which decided to cancel Aeromexico's rights to transport passengers on the Panama-Caracas route and back. The official explained that contrary to what the Venezuelan press has reported, Mexico's policy is invariable and based on the observance of strict reciprocity over the fifth freedom between our country and Panama, but, he said, "We cannot grant fifth freedom to a third country." Mujica Montoya said that Mexico has been forced to cancel air traffic operations with Venezuela by mutual accord because there are no feasible formulas to operate in conjunction with Viasa. "Aeromexico definitely cannot fly the route without making a stopover in Panama and without taking on passengers bound for Caracas; it simply cannot afford it." The official said that Mexico's policy is to seek, through all means available, growth, expansion, service and profitable routes for national airlines. [Text] [FL312351 Mexico City NOTIMEX in Spanish 2215 GMT 31 May 82]

## RUPTURE WITHIN CGT TERMED INEVITABLE

Buenos Aires LA PRENSA in Spanish 15 May 82 p 12

[Text] We mentioned a few days ago the possibility of unity among the most important (and most divided) sectors of the worker movement in view of the need to present to all international forums, in both political and labor organizations, a coherent image of the four estates that represent the Argentine people at this time of sacrifice.

The dizzying succession of events of all kinds at this time cannot prevent this kind of prediction, especially considering that for many (for all?), 2 April was a milestone, perhaps the end of an era in our particular history, with inevitable international repercussions. But we should admit that eras, as fleeting and brief as they are at this point in the world's development, do not constitute a definitive and total cutoff. Eras leave behind them vestiges of great splendor or of longings that are imposed as dogma. Of course, such desires are unfounded and impossible to realize.

This thought was inspired by the fact that we face the possibility of a new rift, already described in other commentaries, at the heart of the General Labor Confederation (CGT). A CGT faction has emerged that feels it will be difficult or impossible to reach an agreement to send a homogeneous and united delegation to the Assembly of the International Labour Organization (ILO) in Geneva. At this time it is imperative that the entire labor world represented at the ILO (government, management and labor of all civilized nations of the world) be presented with the image of a people united against aggression in self-defense.

While on the one hand the "Ultraverticalist" sector maintains the same attitude it has had every year since 1976 on the occasion of ILO meetings, other members of the CGT, including none other than Assistant Secretary General Fernando Donaires, have instigated joint meetings with representatives of the Intersectorial and Minister Porcile to discuss the designation of the unified delegation that will be sent to that conference.

Meanwhile, the apparently "intransigent" sector has called a plenum of secretaries general for next Tuesday, at which "the attendance of the sector (the CGT, of course) at the Geneva meeting" will be determined.

The picture became a bit clearer when the CGT press conference was held in the absence of Donaires, Diz Rey, Cladera and others, who reportedly comprise the dissident bloc of the CGT and could lend new support to the Intersectorial.

#### Ambiguous Attitudes

In view of all this, the CGT group's presentation before the International Conference of Free Trade Union Organizations (ICFTUO) has certain contradictory aspects. On the one hand it contains an exhaustive discussion of the antecedents of the Malvinas incident, including the historical background. The presentation states categorically that the islands are ours by inheritance, and because we occupied them without a continuing solution when we became independent from Spain. It also cites the fact that there were Argentine holdings and projects on the islands, and that the territory was seized only by armed force.

Then it says that the CGT, "as is well known, has always been and continues to be critical of the country's military government. It has taken part in the cause of the Malvinas, which is the cause of the entire Argentine nation. The recovery of these islands is a national cause that we Argentines have pursued for a century and a half, and we have instilled this idea in our children and transmitted it from generation to generation." It goes on to say that "the colonial aggression is an aggression against the Argentine people." "Our comrades in the ICFTUO," adds the document, "thus know why we are fighting in the Malvinas, and why the CGT of the Argentine Republic is doing so alongside the people."

These assertions are followed by a request that the ICFTUO issue a declaration which, if accepted by the international organization, would completely reverse the clearly pro-British position taken as of 2 April, despite the efforts of the CGT as well as the representatives of the Intersectorial National Labor Commission (CNT-20).

But at the end of this request, the document stresses "the recognition of the CGT by the ICFTUO, manifested in the strike of 22 July 1981 and the march and police repression of last 30 March."

This is the kind of doubletalk presented to those responsible for bringing up the matter at the ICFTUO. On the one hand, there is unambiguous support for the spirit of sacrifice of all Argentines at this crucial time; the document accepts and even applauds the government's efforts to recover the islands and stresses the contumacy of the usurper, after decades of ignoring the protestations of the victimized nation. After presenting a series of points that constitute a "mea culpa" for the ICFTUO, once again, without transition, the document goes right back to the domestic problem of labor union representation, at a time we feel is inopportune in every sense.

But the matter is different, the goal is different, the need is different, and the role to be played now is different. No one who lives the way Argentines are today, with their ears and eyes constantly seeking news of the war

in the south, with the pain of the first victims, with the feeling of having been ignored even by nations with which we share the common ties of birth in the dawn of the nineteenth century, would agree with placing on the same agenda the issue of whether one labor faction is as good as another, especially knowing for certain that the other faction, the Intersectorial, is merely an invention of the government to garner support among workers. Furthermore, this sector is completely politicized, subject to old dogmas and cliches, or to resentment and bad feelings that undoubtedly can be encouraged but not projected just now, without running the risk of presenting an image of disunity and discredit. Therefore, it is unacceptable for this effort at the ICFTUO to be turned, incidentally, into "grist for the mill." Moreover, the ICFTUO is a tough nut for the Argentine labor movement to crack these days. It has played its role along with the European Community, and it will probably not change that position just because a trade union sector requests it, at least not so soon after its earlier stance so strongly opposing the Argentine workers.

#### ILO, Blacklist, Other Possibilities

Labor observers feel, in view of all this, that at the ILO meeting there may be an effort to put Argentina on the "blacklist" of those who default on agreements signed in that area. For this purpose, the government sector will propose the initiation and implementation of steps designed to regulate unions, such as the designation of the regulatory committees to be named by the members themselves, in unions that have been subject to intervention, or Decree 1717 on methods to modernize collective bargaining agreements.

To deal with this possibility, the government will need for the management and labor delegations to take unified action in their different fields, as one single delegation. Minister Porcile's statements to this effect have been clear, brief but very eloquent. Argentina should attend the sessions with unity among its delegations, with common goals and objectives, without any cracks that might give rise to more criticism. That is how these entities have contributed to the country's struggle with most of world opinion. Next week will be telling, given that the ILO assembly begins the first week of June. It will also reveal the final result of the CGT group's efforts with the ICFTUO, in terms of whether it is opportune or well-advised.

8926

CSO: 3010/1600

## DETAILS BEHIND DIVISION WITHIN CGT REVEALED

Buenos Aires LA NACION in Spanish 24 May 82 p 6

[Text] It was anything but a surprise. Given its discordant history, no one was surprised that the General Labor Confederation (CGT) split in two or that there were frequent, sometimes bitter, confrontations among its leaders.

Everything, at least in the last stage of the dissociation process, dated back to the problem revolving around the make-up of the labor delegation to the upcoming ILO assembly.

We have commented in this column that there were two factions: one consisting of the National Labor Commission (CNT-20) and the CGT moderates, inclined toward the formation of a joint group; and the other represented by the "hard-liners" of the labor organization, who rejected that notion and came out in favor of forming a separate delegation.

Given this state of affairs, the Labor Ministry called a plenum of secretaries general, which was immediately impugned by the intransigent faction of the CGT. At the same time, they went ahead with their designs, as described above.

The displeasure at the Labor Ministry with this move was revealed in the following comment by a spokesman: "While soldiers are dying in the south to defend our national identity, positions motivated by sectorial or political interests cannot be taken." This can be explained above all by the fact that the government has not and does not discount the possibility that Argentina will be condemned by the ILO for recovering the Malvinas. This circumstance is very conducive to the formation of a united labor front capable of speaking out in one voice to defend the national cause.

As of that moment, once the schism was made apparent by the inflexible position of what has come to be known as CGT-Brazil, a new faction emerged from the core of CNT-20, known as CGT-Azopardo because one of its causes is the recovery of the entity's traditional headquarters, located at Azopardo 802. A veteran leader who belongs to an organization not committed to either faction, commented that the new acronyms must have a powerful impact on the spirit of the workers.

Since its formation was approved at the plenum convened by the ministry, its opponents label it "governmental." Saul Ubaldini stated, moreover, that the CGT he heads is the only true representative of the workers.



The echoes of the crisis continued to resonate, meanwhile, at the ministry. The minister had called the dissidents into his office before the rift took place, and they expressed their willingness to cooperate to present a united front at the international forum (ILO).

#### Other Details

It is known that hours before the agreement between the moderate wing of CGT-Brazil and what was then CNT-20 (intersectorial) was about to be formalized so that a single delegation would be named and labor unity would be proclaimed at the plenum, Ubaldini and Lorenzo Miguel met with Fernando Donaires, Manuel Diz Rey and Lesio Romero. There the former chief of the metalworkers convinced Donaires that it would be a good idea to persuade the intersectorial group to delay the plenum for 2 or 3 days to facilitate efforts to obtain total unity. Otherwise, his interlocutors would divest themselves of CGT-Brazil and he, Miguel, would be left alone with Ubaldini and the hardliners.

Donaires conveyed the suggestion, but it was rejected out of hand because, among other reasons, the intersectorial men interpreted the initiative as an attempt by Lorenzo Miguel to keep from being shunted aside in the unification process, and instead to ride the crest of the wave.

"The days of culminating the process under Miguel's paternalism are gone," said one of the leaders of what is now CGT-Azopardo. Donaires was not left in a favorable position, having been accused of going along with the game and forgetting his oft repeated phrase, "Miguel is enough," and "We will not go back to the CGT."

The proposal to postpone the plenum was also noteworthy when we consider that the chief of the "62" had attended the meeting where the plenum was condemned for being "government interference in the labor movement's affairs," and because the ministry was practicing "unacceptable discrimination" by barring leaders whose terms expired in March 1976, as is the case of Miguel.

As for Donaires' followers, they were also subject to severe criticism. Seeing themselves in the middle of the road, they decided to resign their leadership positions but remain in CGT-Brazil. However, it would not be surprising to see them leave in the next few days.

#### Dissidents and New CGT

There have been talks recently about the eventual incorporation of the dissidents into CGT-Azopardo. Observers conclude that they will not be included in the delegation to the ILO, or in the leadership, at least for the time being. It is also said that those who have had a falling-out with Ubaldini should not only resign their positions at CGT-Brazil as a condition for entering the new group, but should also "produce evidence," for example, attesting in a communique to their disagreement with the designation of a parallel delegation to the ILO. The members of that delegation will be announced sometime this week.

### "Total Representation"

With regard to the delegation that was elected to represent the labor movement at the international forum, the undersecretary of labor commented that it is totally representative, because of the 117 secretaries general invited to the plenum, 85 were present. Their unions represent 2.5 million workers out of a total of 2.7 million union members.

"The absent minority," remarked a ministry official, "is also manifested in the number represented by that minority."

### UOM

These events had repercussions in the Metalworkers Union (UOM): Ruben Marcos was stripped of his position as representative of the union at the now-defunct CNT. Luis Guerrero and his supporters requested that he define his position with respect to Lorenzo Miguel in the Capital section. This proposal came on the heels of the rapprochement between the two. Guerrero made his moves rapidly. Once Marcos was eliminated--though for some he has not lost yet--Guerrero became the metalworkers' delegate to CGT-Azopardo, while Neldo Brunella of San Nicolas was named to go to the ILO assembly.

### Union Normalization

As expected, the Labor Ministry adopted an important measure in the process of gradually normalizing the unions. It cancelled intervention in 20 unions, transferring their management to provisional commissions that will serve until elections are held in each union.

This decision is also significant to the extent that it denotes an expansion of the government's maneuverability in the deliberations of the International Labour Organization.

8926

CSO: 3010/1600



## UIA LABELS EMERGENCY MEASURES 'INADEQUATE'

Buenos Aires LA PRENSA in Spanish 21 May 82 p 4 sec 2

[Text] The Argentine Industrial Union (UIA) called for the adoption of a "rational and relevant program" capable of producing a substantial increase in exports, and described as an "insufficient and inadequate palliative" the recent measures adopted by the economic team.

In a document sent to Minister of Economics Roberto Alemann, the organization stated that the "emergency program" announced as a result of the war, "far from bringing relief to industry, has heightened our disappointment."

Concerning the readjustments of reimbursements and duties, the document states that "they leave a slight positive balance that is not proportionate with the changes brought about" by the war.

It terms the measures insufficient even for peacetime for "ending the stagnation of industry and combatting unemployment and its dangerous social and political effects."

"Discrimination in reimbursements does not correspond to the value added or to the tax burdens involved," it adds.

"Rational Program"

It claims it is "imperative that a rational and relevant program be organized that is capable of generating a radical and sustained increase in industrial exports."

"It is necessary," states the UIA document, "to establish objective bases that do not depend on the price of the dollar, using as a minimum parameter the total return of taxes, and taking into consideration the conditions of international competition."

It demands that "the war situation that envelopes us" be taken into account and that compensation be given for the higher expenditures required by the round-about delivery of Argentine products to European Economic Community countries.

The UIA's objective, concludes the document, is to achieve an export program that "justifies its name."

## CIPRA RAISES OBJECTIONS TO ALEMANN'S EMERGENCY MEASURES

Buenos Aires LA PRENSA in Spanish 21 May 82 p 4 sec 2

[Text] The Processing Industries Association of the Argentine Republic (CIPRA) sent a note to the minister of economics, Dr Roberto T. Alemann, indicating that "with the so-called emergency measures, the structure of foreign trade has returned to the imbalances that were already serious during peacetime, and are unacceptable during this grave national emergency when we need the efforts of everyone."

The association adds that manufactured goods import duties have dropped by 5 points, while duties for the raw materials of the chemical and related industries have remained the same. "This favors once again," CIPRA notes, "the introduction of finished goods, and reduces the protection of nationally produced goods during an emergency when the country can ill afford to waste its foreign reserves on the importation of products that could be obtained on the domestic market."

"Furthermore," the letter goes on, "the reimbursement for some industrial exports has been increased to 14 percent, while the reimbursement for exports of chemicals and plastics has not been altered from the present 10 percent."

Next CIPRA points out that "we see no reason for this discrimination, since the exportation of chemical and plastic products (to the extent that there is no drain of goods essential to national security and defense) not only brings in foreign reserves, but also could help many companies to overcome the tremendous crisis that is battering national industry."

Finally, the association states that it is impossible for the industry to continue its united support for the country in its hour of need when no one should shirk, if there is no protection for the domestic value added, and if exports are discouraged in a sector as vital to the economy as chemicals.

8926

CSO: 3010/1600

## SOVIET TECHNICIANS INSTALLING RADAR NETWORK

PY050747 Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Jun 82 p 8

[Rosental Calmon Alves report: "Russians Are Already in Argentina"]

[Excerpts] Buenos Aires--More than 20 Soviet technicians have arrived in Argentina over recent weeks and are working on the installation of a broad radar network to surveil the territory of this country which does not have an integrated system for the detection of planes entering into its air space. The information has been confirmed by various sources in this capital but they could not however say whether the Soviet technicians are military or civilian personnel.

The Soviet radar equipment has been imported recently, but it was impossible to ascertain whether Argentina has acquired the equipment directly from the Soviet Union. The sources contacted by JORNAL DO BRASIL said that probably the radar system was transferred by Peru which is supporting Argentina in its conflict with Great Britain and which is acting as a third party in triangular operations for importing military material.

Soviet Ambassador Sergey Striganov met last Monday with President Leopoldo Galtieri and with Foreign Ministry officials last Wednesday to reaffirm his country's political and diplomatic support for Argentina. But the ambassador left up in the air the question of whether his country was willing to go further in assisting Buenos Aires.

What is noteworthy now is that the Soviet electronic technicians who came to Argentina recently are working directly with the Argentine Air Force, although diplomats serving in this capital do not believe that they can actually be considered "military advisers."

The rapprochement between Moscow and Buenos Aires over recent years has included the exchange of visits of high-ranking military missions, but until now there have been no reports that Argentina had imported Soviet-made military equipment. Reports that shipments of arms and ammunition have begun have been denied.

CSO: 3001/157

## ATHOS FAVA ASSERTS COMMUNIST SOLIDARITY

PY151017 Moscow in Spanish to Latin America 2300 GMT 14 May 82

[Undated interview with Argentina Communist Party Secretary General Athos Fava in Buenos Aires by unidentified correspondent]

[Text] We are convinced that the country must be reunited so as to repel the imperialist aggression and to secure peace and democracy as well as to obtain a political agreement on the islands within the framework of the United Nations so as to stop the bloodshed and to guarantee our sovereignty in that region. So stated Athos Fava, secretary general of Argentine Communist Party.

Fava made that declaration during a press conference held at the headquarters of the central committee of the Communist Party in Buenos Aires where he reported on the results of conversations he held in Moscow and other European capitals with leaders of Communist Parties.

Fava reported to the national and foreign press on the solidarity expressed to the Argentine people in joint declarations signed by representative of the Communist Parties in the Soviet Union, France, Great Britain and Portugal, as well as with the directorates of the Chilean, Uruguayan and Paraguayan Communist Parties; declarations which, Fava said, showed the solidarity against the common colonialist enemy and its U.S. (?accomplices).

We consider that the cowardly British aggression has to be confronted head on, an aggression openly assisted by the United States. Each of us has to contribute our unstinting efforts to see ourselves through this emergency. Unity has to be reinforced, the unity of all the democratic factions, the Argentine communist leaders stressed.

The government, the political parties, the labor movement and all the popular institutions must find the appropriate mechanism to guarantee the broadcast and strongest mobilization of the whole country in defense of its sovereignty on the basis of a negotiated political solution in accordance with the national interest, democracy and national progress.

CSO: 3010/1681

## BRIEFS

TRADE CANCELED--La Plata, 8 Jun (NA)--The General Mosconi Petrochemical Corporation has decided to cancel its trade operations with the EEC countries which imposed sanctions against Argentina and to trade with Latin American countries. In this regard, the mentioned corporation--which has its main offices in Ensenada--said that some negotiations with Venezuela are well underway and that it hopes they will be off to a good start. General Mosconi is the leading exporting firm of Argentine petrochemical products. Last year, it sold 35 percent of its overall production to the EEC member-countries. [Text]  
[PY082224 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1905 GMT 8 Jun 82]

CSO: 3010/1681

## BRIEFS

OIL EXPLORATION PERMITTED--The Government of Belize has granted concessions to foreign companies for oil explorations in nine areas in the northern zone, near the border with Chetumal, Mexico. Results have been negative from the 35 wells drilled to date. [PA311229 Guatemala City PRENSA LIBRE in Spanish 24 May 82 p 4 PA]

AGREEMENT WITH EEC--Belmopan, 27 May (AFP)--It was reported today that the Belizean Government signed a cooperation agreement with the EEC today. This agreement will give Belize access to loans and concessions valued at \$15 million in the next 2 years. The EEC aid program seeks to promote development in the recently independent Central American nation. According to government sources, the funds will be invested in education and housing. [Paris AFP in Spanish 0417 GMT 28 May 82 PA]

RELATIONS WITH FRG--Belmopan, 31 May (ACAN-EFE)--Today Belize established diplomatic relations with the FRG. Karl Leouteritz, FRG ambassador to Jamaica, presented his credentials to Belizean Governor-General Minita Gordon. Leouteritz, who will not reside in Belize, said that the two nations are bound by their objectives to reduce world tensions and search for progress through international cooperation. [Text] [PA010401 Panama City ACAN in Spanish 0255 GMT 1 Jun 82]

CSO: 3010/1664

## SILES ON AMNESTY, POLITICAL BAN MEASURE

PY280243 Paris AFP in Spanish 0219 GMT 27 May 82

[Text] Lima, 26 May (AFP)--Former Bolivian President Hernan Siles Zuazo has stated here that the amnesty that was decreed by the government of Gen Celso Torrelío Villa in Bolivia today must be complemented with a call for general elections.

In reply to a question that was put to him by AFP, Siles read a declaration that was issued by the Nationalist Revolutionary Movement of the Left (MNRI) today, in which it states that amnesty and the lifting of the ban on political parties and labor unions are neither the result of a free concession by the regime nor a favor made to the Bolivians.

They are the result, it adds, of the popular actions which have accentuated themselves in the past few months due to the crisis which is affecting Bolivia at present.

That amnesty, the MNRI declaration adds, must be complemented with the call for general elections that will preclude the possibility of the formation of the already anticipated constituent assembly.

Furthermore, the declaration says, measures must be taken to punish the perpetrators of crimes against the nation, and especially those who are involved in drug trafficking, because this is of vital importance not only on account of its moral aspect but also because that business has created a parallel economy which hurts the state.

The declaration concludes that the MNRI has shown that its slogan "there is no freedom without struggling for it" is a valid one, and that the people are capable of achieving a transition toward a democratic government in Bolivia.

CSO: 3010/1681

## COB'S LECHIN OQUENDO HOLDS PRESS CONFERENCE

PY292301 Buenos Aires TELAM in Spanish 0324 GMT 29 May 82

[Text] La Paz, 28 May (TELAM)--Juan Lechin Oquendo, the top leader of the Bolivian Labor Federation [COB], who resumed the leadership of this organization today, has said that loyal to his position of opposing imperialism and colonialism he supports the Argentine people in the crisis over the Malvinas.

During a press conference, the first since his return to the country a few weeks ago, Lechin Oquendo said that with the Malvinas crisis the U.S. position has been exposed and proven. Although it promoted the TIAR [Inter-American Reciprocal Assistance Treaty] to defend itself and obtain the support of Latin America, when there was a need for this organization, the only thing the United States did was to stand aside.

He said that the U.S. policy was only to take advantage of the underdevelopment of the Latin American countries. He added that with the situation created in the Malvinas, the United States has shown that it is not an ally of the Latin American people.

Lechin Oquendo reappeared a few hours after the government granted a general amnesty and said that although he had returned clandestinely to the country a few weeks ago, his wish had been to do so much sooner, but that he had not done so because conditions to guarantee his stay had not existed.

He said that the general amnesty granted by the government is incomplete because the freedoms are not complete without the rights of citizens being in effect.

Lechin Oquendo, who was arrested during the coup d'etat headed by former President Luis Garcia Meza on 17 July 1980 and later exiled, warned that he was afraid that the present socioeconomic situation prevailing in Bolivia will cause a social explosion which it will not be possible to control. He said that the COB is trying to channel the wage demands which are just in order to prevent the sacrifice of isolated strikes.

He warned that the International Monetary Fund is trying to achieve the denationalization of the enterprises which were nationalized in order to have them given to the private sector or transnational companies. He announced that the COB is analyzing the present situation to propose a solution to the economic program, saying that the political problem could wait a week or two more but the economic and financial problem cannot wait any more.



## GOVERNMENT SEEKS DOMINANCE OF PDS IN ELECTORAL COLLEGE

## New Government 'Package'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 11 May 82 p 5

[Text] The indirect election of President Figueiredo's successor by an electoral college in 1984 which will have basically the same composition as the one that selected him, the only difference being numerical because of the increase in the number of federal deputies and the number of state delegates (resulting from the population growth), is the main objective of the new "package" Planalto Palace will send to the National Congress.

After some hesitation, perceived in the statements by Deputies Hugo Mardini (PDS-RS) [Social Democratic Party-Rio Grande do Sul] and Edison Lobato (PDS-MA [Maranhao]), Planalto Palace appears to have become convinced that the present electoral college composition, despite the possibility that opposition parties could become a majority in the Chamber of Deputies to be elected this year, will still insure the predominance of the PDS.

The statements by Deputies Hugo Mardini and Edison Lobao in fact express the apprehension which for some time has been affecting some of the most important personalities of Planalto Palace. Mardini wanted to increase the size of the electoral college by one more delegate to be chosen by each Chamber of Councilmen of the country, in which with few exceptions, the government party members are in the majority. The proposal made by Lobao was essentially the same. He wanted to include three more councilmen per state in the electoral college, councilmen who would be appointed by the party, which in the general computation of the state would have the largest number of councilmen, in this case the PDS.

It was obvious that the two deputies, directly encouraged by Planalto Palace, or imagining that they were expressing viewpoints they detected there, were doing the work of scouts, seeking to open the path so as to insure control of the electoral college and the maintenance of power by the group now holding it. Lobao even had one more "safeguard": The compulsory vote by each party for its own presidential candidate.

Planalto Palace must have made an accounting on the basis of forecasts by its own agencies (which other times have shown themselves to be very realistic) and confirmed that it did not need to change the composition of the electoral college, it being necessary only to "close" the constitution with a two-thirds quorum to prevent a change by the opposition. Even admitting that it may lose the majority in

the future Chamber of Deputies--something which does not cause much worry--the government must have convinced itself that such a loss could be compensated for in the electoral college by the substantial superiority it will have in the Senate (of the 45 senators whose terms run until January 1987, 31 belong to the PDS and of the 22 seats being contested this year, the forecast is that the majority will be won by the PDS. In the worst of cases, the PDS will do better than the five senators it now has among those 22). In the Senate, therefore, the PDS will conclude by having nearly 20 senators more than the opposition. The Legislative Assemblies participate in the electoral college with three delegates and one more per million inhabitants in the state, thus establishing a minimum of four delegates each.

Since the government believes it will continue to have a majority in them, the majority of the delegates will therefore continue to be from the PDS. When Figueiredo was elected, the opposition only managed to bring delegations from five states: Acre, Amazonas, Rio de Janeiro, Sao Paulo and Rio Grande do Sul. Although three of those states are among those with the largest electoral and populational numbers, all together the opposition was left with 57 delegates against the 111 of the government.

In the off chance that government figures are wrong and the opposition would become a majority in a number of Legislative Assemblies that would also insure a majority in the electoral college, the government could still use the second formula of Deputy Edison Lobao, taking advantage of the majority it still has in the present Congress to obtain its approval. The future Congress, even with an opposition majority in the Chamber, will not be able to change anything later due to the government majority in the Senate.

#### Constitutional Amendment Sought

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 May 82 p 4

[Article by Sergio Chacon: "Sao Paulo Loses Votes in Electoral College"]

[Text] The constitutional amendment proposal by Edison Lobao (PDS-MA ), if approved by Congress, is going to expand the makeup of the electoral college to 804 members. This college will elect the president of the republic in October 1984. On the other hand, it is going to reduce the relative weight of Sao Paulo and Rio de Janeiro in that college by taking away some of their delegates.

According to studies made in the Chamber, the amendment proposed by Deputy Edison Lobao expands the presidential electoral college. While the one which selected Figueiredo consisted of 589 members--senators, federal and state deputies--the one which will elect his successor, if the amendment is approved, will have a total of 804 members, considering that as of next year the Chamber of Deputies will have 460 members [words missing] with 420 deputies the College would have 769 members (see the chart below).

In his proposal, Deputy Edison Lobao suggests that the Electoral College include six state deputies and six councilmen per state, in addition to the Federal senators and deputies. He changes the rule in effect, according to which the number of state delegates is variable, a minimum of three plus one appointed by the majority party, per million inhabitants. An innovation he makes is that the councilmen are to be appointed by the party controlling the majority of the municipal chambers in the state.

By proposing a fixed number of 12 delegates--state deputies and councilmen--for each state, Deputy Edison Lobao reduces the influence of the populational criterion in the makeup of the college. Sao Paulo for example, which in the college that elected Figueiredo had 73 representatives, would under the present rules acquire at least four delegates more due to the population increase in the state since 1978. However, according to the amendment by the deputy from Maranhao, that increase would not count and Sao Paulo would appoint 12 delegates just as Rondonia, Piaui or Acre, only maintaining its numerical superiority due to its majority of members in the Chamber of Deputies.

Taking into account that Sao Paulo will continue to have the same 55 deputies and three senators as today, its representation in the electoral college will be 70 members, who will represent its 25 million inhabitants; Rondonia, with fewer than a million inhabitants, will have 21 representatives in the college: six federal deputies, three senators and 12 delegates.

The new system proposed in the amendment for the selection of delegates to the college will also have the strengthening of the PDS as a consequence, since it is traditionally the party which controls the largest number of municipal chambers and elects the most councilmen. Pursuant to existing legislation, state delegates belong to the party having the majority in the Legislative Assembly. When dealing with populous states such as Rio or Sao Paulo, that means many opposition votes. Now with the provisions of the amendment by the deputy leader of the PDS, the opposition majority in the assemblies guarantees only six delegates plus another six to be appointed by the party with the most councilmen in the states. Only in Rio de Janeiro is the PDS not the majority party in terms of prefectures and councilmen.

The Lobao amendment, therefore, has two aspects of interest to the PDS: The first is that it reduces the influence of the Center-South states in the electoral college, increasing the delegations from the North-Northeastern states; second, it increases the number of councilmen to the college, reducing the relative participation of state deputies.

Since the amendment by the deputy from Maranhao is going to be annexed to the government "package" increasing the composition of the Chamber of Deputies to 460 seats, calculations on the makeup of the new college were made on the basis of the present makeup of 420 deputies and on the most probable future composition of 460 deputies.

State	1978 College	1984 College (420 deputies)	1984 College (460 deputies)
Sao Paulo	73	70	70
Rio de Janeiro	65	61	62
Minas Gerais	55	62	70
Parana	44	49	49
Rio Grande do Sul	43	47	48
Bahia	40	47	55
Pernambuco	29	37	41
Ceara	27	35	37
Santa Catarina	25	31	3
Goiias	22	29	30
Para	18	25	29
Maranhao	18	27	32
Paraiba	18	26	26
Mato Grosso	16	23	23
Piaui	16	23	24
Espirito Santo	15	23	23
Rio Grande do Norte	15	23	23
Alagoas	13	22	23
Sergipe	12	21	21
Amazonas	12	21	21
Acre	10	21	21
Rondonia	01	21	21
Mato Grosso do Sul	--	21	21
Roraima	01	02	02
Amapa	01	02	02
TOTALS	539	769	804

8908

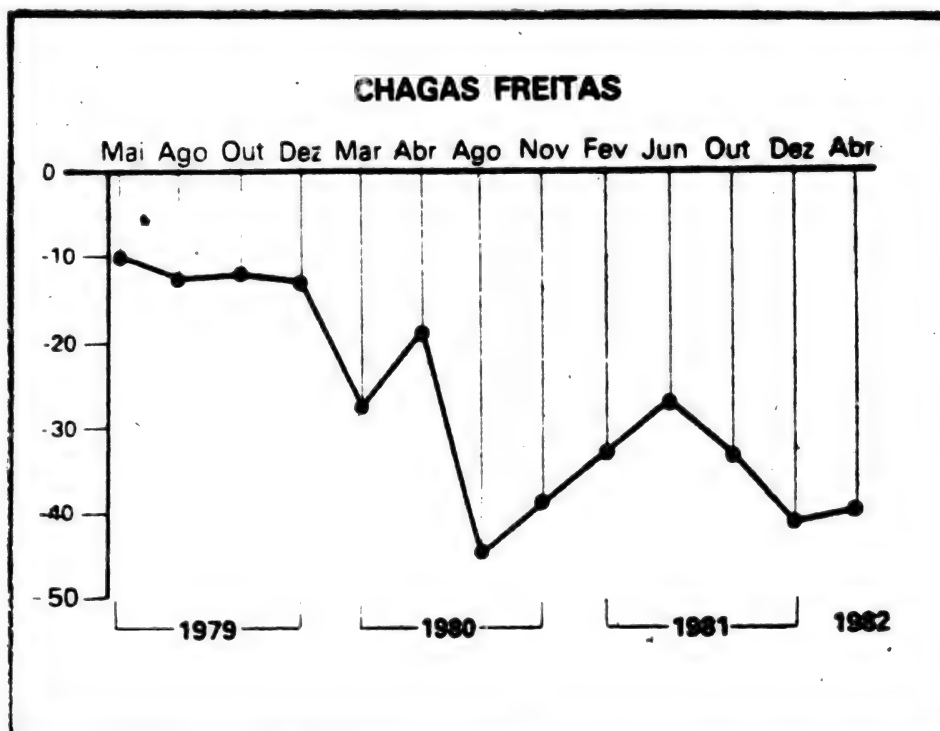
CSO: 3001/150

## POPULARITY OF GOVERNORS INDICATED BY GALLUP POLL

Rio de Janeiro JORNAL DO BRASIL in Portuguese 12 May 82 p 4

[Text] Marco Maciel of Pernambuco and Antonio Carlos Magalhaes of Bahia are the governors with the most prestige among the seven most populous states of the country, according to a survey made last April by the Gallup Institute. Chagas Freitas of Rio de Janeiro is the most unpopular. Amaral de Souza of Rio Grande do Sul, although in a lesser degree, is also unpopular.

Although without measuring precisely, the Gallup Institute believes that while the governors who enjoy the greatest popularity help the electoral situation of the candidates they support, the most unpopular, such as Chagas Freitas, tend to harm their candidates to succession. Since the first survey in May 1979, 2 months after his inauguration, until the last survey last April, Chagas has obtained only negative marks in popularity. The last one was -40 percent.



The negative popularity index of Chagas is so great it may harm the candidate he supports

## The Others

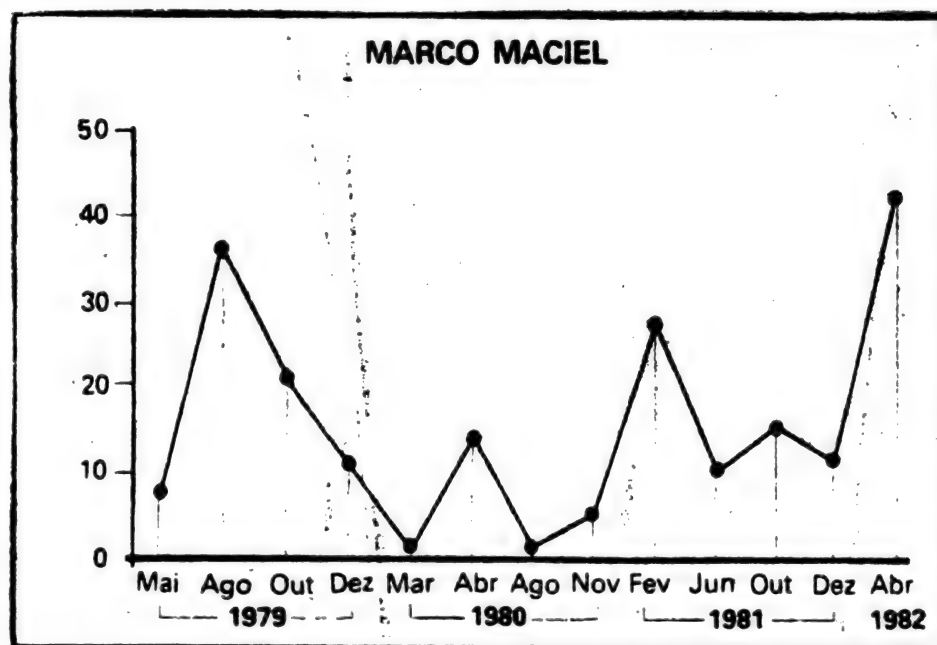
With a positive popularity rating the other states surveyed are: Ney Braga of Parana, Paulo Maluf of Sao Paulo and Francelino Pereira of Minas Gerais. The 13 phases of the survey are the result of the sum of the percentages of replies collected in 3,850 interviews in the seven states. Men and women of all age groups and all socioeconomic levels were heard in each of them.

Nearly 600 persons in the capitals and interior of each state were interviewed (large, medium and small cities). The basic question was whether the government was performing "very well," "well," "average," "poorly" or "very poorly" while in office.

## Transfer

The percentages of the replies of "very well" or "well," give Marco Antonio Maciel a rating of 43 percent; Antonio Carlos Magalhaes, 24 percent; Ney Braga, 15 percent; Paulo Maluf, 12 percent and Francelino Pereira, 7 percent in approval by the people of those states. The sum of the replies of "average," "poorly" and "very poorly," on the other hand, gave Chagas Freitas a -40 percent and Amaral de Souza a -7 percent in the disapproval rating among the Rio de Janeiro and Rio Grande do Sul population.

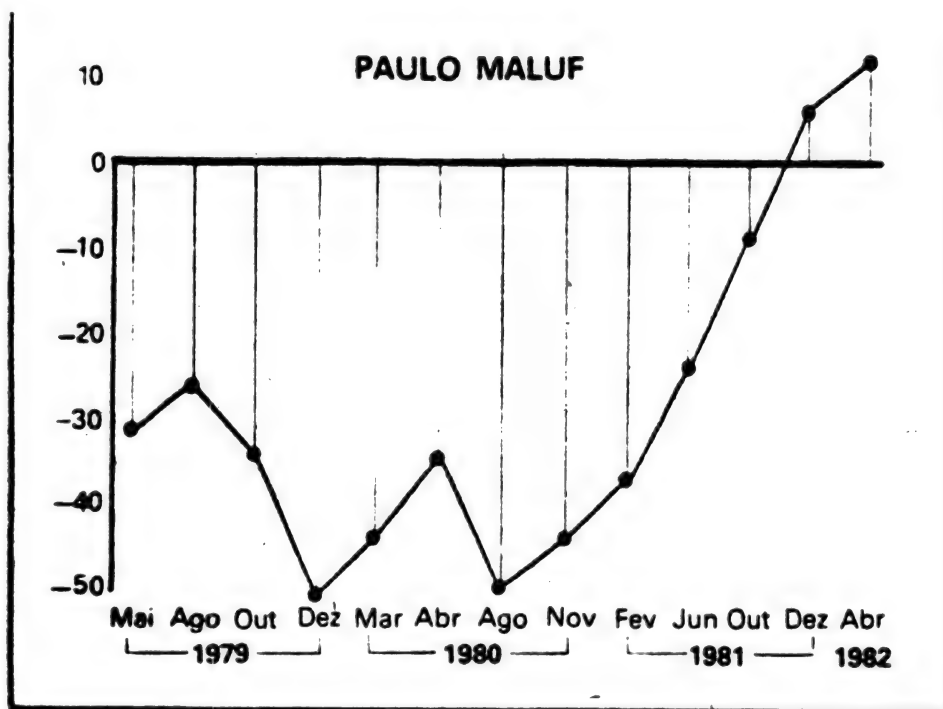
The Gallup Institute believes--with the present results and providing the demonstrated trends continue--that Marco Antonio Maciel can provide a great electoral help, for example, to Roberto Magalhaes, already nominated by the PDS [Social Democratic Party] to compete to be his successor.



Marco Maciel has the greatest prestige in all phases and is the most popular governor in the states surveyed

In the same line of reasoning, the Gallup Institute points out that the present popularity level of Chagas Freitas (-40 percent) harms or reduces the power to gain votes by the candidates who would have his support. Similarly, the survey leads the Institute to observe that the present popularity of Antonio Carlos Magalhaes and Ney Braga may represent some level of transfer of votes, without there being a guarantee that because of it their candidates will win. The case of Ney Braga--in addition to the observations by the Gallup Institute--poses a strange thing: as a candidate to the Senate, in a general process of linking votes which obliges the voter to vote for all candidates for office from the same party, he is the one who becomes the driving force for the PDS in Parana, a task normally conferred upon the gubernatorial candidate.

As far as the Gallup Institute is concerned, the present popularity levels of Paulo Maluf, Francelino Pereira and Amaral de Souza do not guarantee a victory for the candidates that may receive the support of the three. The governors of Sao Paulo, Minas Gerais and Rio Grande do Sul, the latter with a negative rating, do not always, still in accordance with Gallup Institute observations, seriously harm the candidates they support. In the three important states, based on its survey, the institute also concluded the electoral success of the candidates is going to depend more than anything else on themselves than on the help they may receive from the governors.



Maluf, who leaves the governorship to compete for a seat in the Chamber of Deputies, is recovering popularity

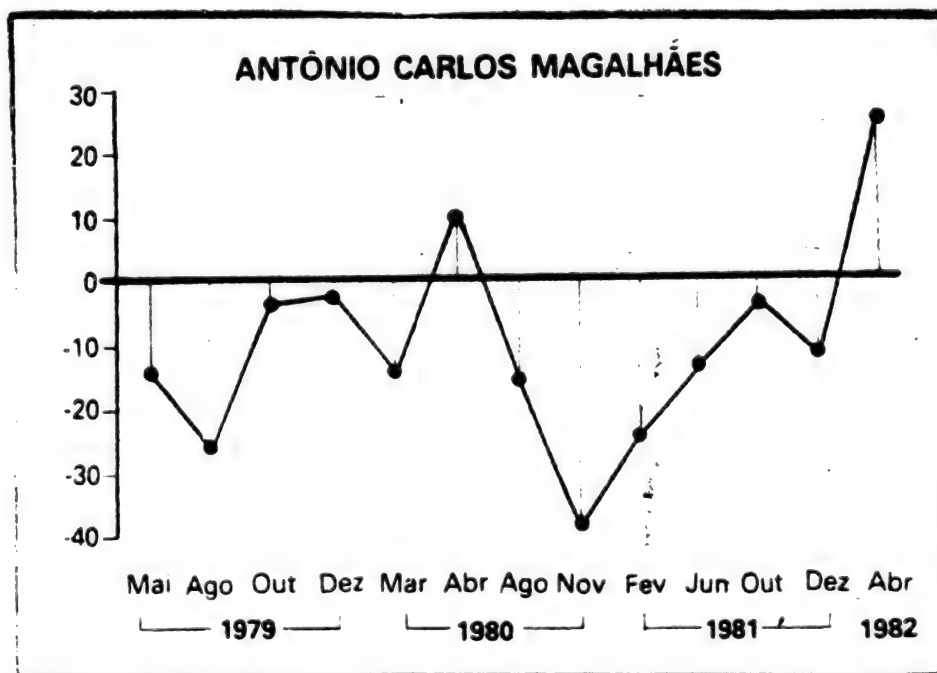


## Surprises

In this survey (the 13th) on the popularity of governors in the seven most populous states--the first was held in May 1979--the Gallup Institute had only one surprise with respect to Marco Maciel of Pernambuco: The high rating he reached in April this year. Of the peoples heard on the performance of Maciel, 22 percent found he has been performing "very well" as the governor of Pernambuco and 48 percent said he administers the state "well."

Marco Maciel has indeed maintained rising rates of approval since May 1979--2 months after the inauguration of the present governors--when the Gallup Institute made its first survey of the type. The governor of Pernambuco received a 12-percent approval rating in the "very well" category and a 37-percent rating in the "well" category. That same year, in the survey which followed--August, October and December--his prestige climbed. In 1980 and 1981 he maintained that some increasing popularity and now, in 1982, when he is about to declare himself ineligible so that he may compete for a Federal Deputy seat, he has the highest rating found by Gallup in the seven states surveyed.

Unlike Marco Maciel, Antonio Carlos Magalhaes, according to the Gallup Institute, arrived at 1982 with an increasing popularity index but he had been suffering high levels of disapproval among the people of Bahia. The rise in the popularity of Antonio Carlos takes place because more people in the state admitted that he is governing "well," and fewer say that he is governing "average," "poorly" or "very poorly."



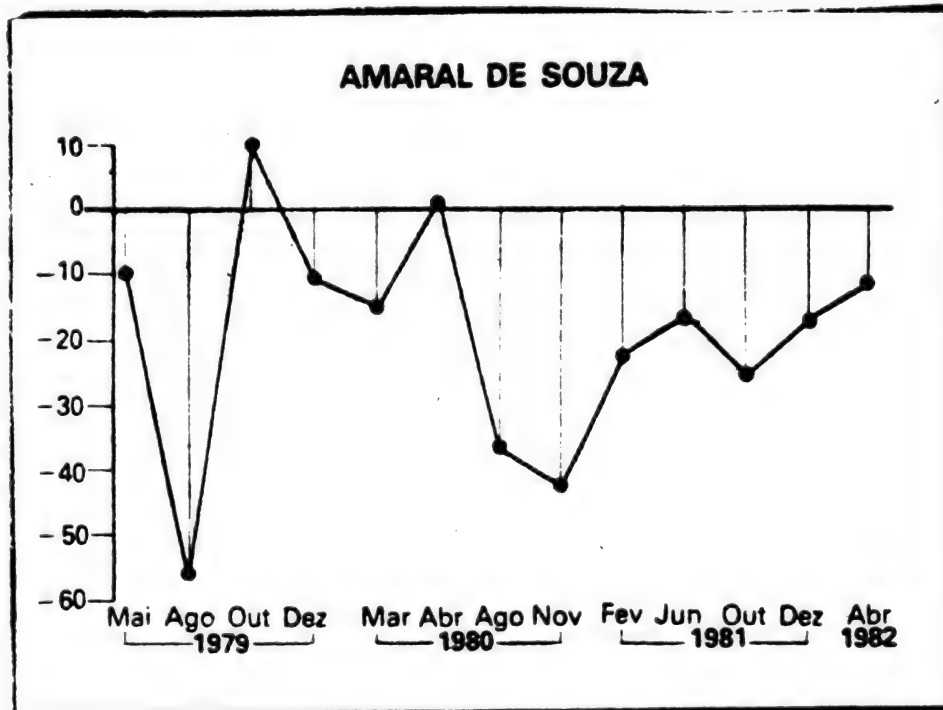
Antonio Carlos, whose popularity was low in the last 2 years, is now the second most popular governor



## In Rio

Since May 1979, Chagas Freitas has recorded a singular situation in Rio de Janeiro: That is, he governs "averagely," at rates which up to April this year range between 30 and 39 percent; he governs "poorly" at rates ranging from 4 to 16 percent, and he governs "very poorly" at rates which range from 3 to 22 percent. The greatest positive rates for Chagas--that he governs "well"--were 29 percent in both May and August of 1979. The rating of having governed "very well" in all phases of the survey was only granted to Chagas by the people of Rio de Janeiro at an insignificant rate, which range in the 3 years of the Gallop poll, from 3 to 12 percent, the latter reached in December 1979.

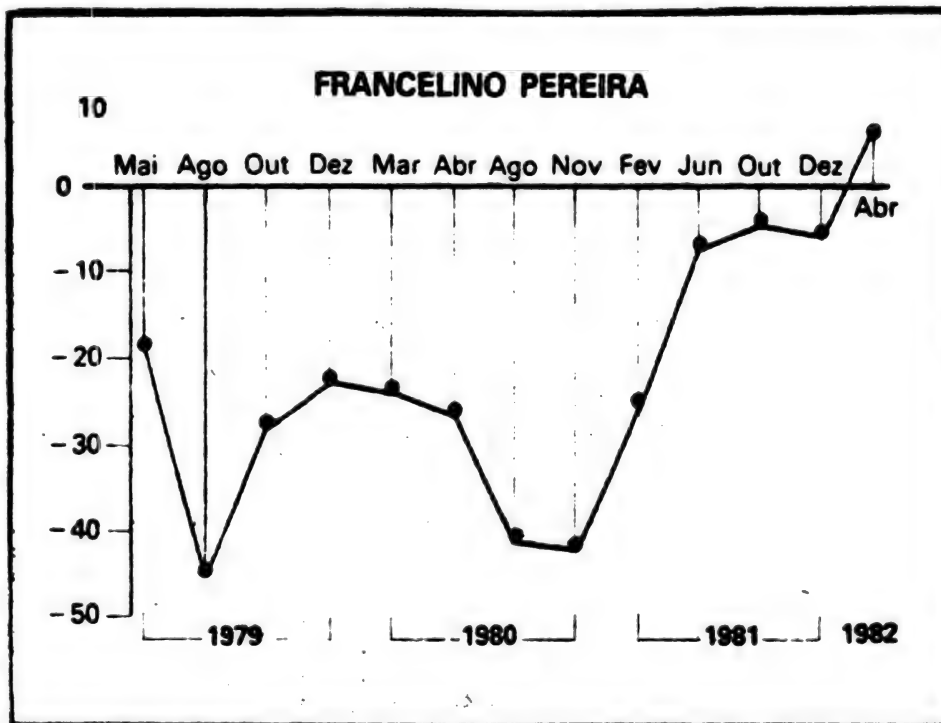
Amaral de Souza, who shares the uncomfortable position of being unpopular with Chagas, throughout the 13 surveys made by the Gallup Institute since May 1979, received low marks in the category in which the interviewee judges the performance of his governor as "very well." On the other hand, the people of Rio Grande do Sul regularly find that he performs "well" at rates which never fall below 22 percent and which are as an average maintained between 31 and 41 percent form year to year.



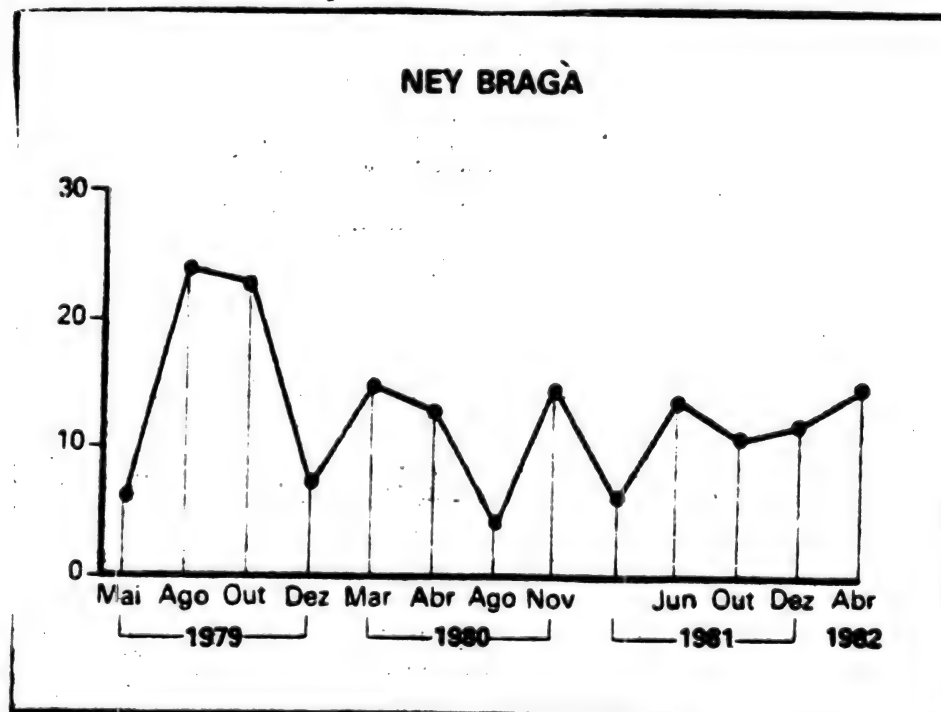
Although it also has negative rates, the popularity of Amaral de Souza does not prejudice his candidate

The fate of Amaral de Souza--who received his best marks in the poll released yesterday by Gallop of his 3-years in office (-7 percent)--is still better than that of Chagas, in the opinion of the Gallup Institute which has been sponsoring this type of sampling for the past 3 years. In the case of the governor of Rio de Janeiro, the Gallup Institute points out that his disapproval rating maintains

a downward trend and it observes that Chagas, because he shows "an extremely low level of popularity," is not only left "bereft of any significant power to transfer votes but may also pose dangers of harming the majority candidates he may support."



Francelino, of whom the people of Minas Gerais disapproved, received his first positive rating in April



Ney Braga, as a candidate to the Senate with positive ratings, could help the campaign of Saul Ruiz

## DAILY NOTES GOOD RESULTS OF FIGUEIREDO'S VISIT

PY032040 Rio de Janeiro O GLOBO in Portuguese 15 May 82 p 1

[Editorial: "Positive Balance"]

[Text] Although short in time and with a reduced agenda, Figueiredo's visit to the United States did fulfill its main objectives, both those unrelated to the Malvinas. In some aspects, the Anglo-Argentine conflict served to improve the results of the meeting with President Ronald Reagan because the new circumstances it brought about permitted the holdings of a more frank and more objective dialogue.

The cancellation of the trip would have been a mistake by turning our back on the principle of compatibility--which was defended by the two presidents in Washington--which allows for the natural existence of bilateral divergencies and the maintenance of an alliance deeply rooted in history and the dynamic destiny of the Americas and the West.

Divergencies between nations and governments do not have to be cultivated nor transformed into convergencies at whatever price. Neither are all divergencies negotiable because some of them are of a structural nature. The truth is, however, that no form of divergence should exclude an exchange of views, because such exchanges can [be] smoothed out and prevent essential differences from taking on undesirable forms or from reaching a rupture point.

The time of automatic alignment of Brazilian policy with the United States and of fearful or ceremonious observance of White House directives are past. This does not, however, mean that the systematic agreements of the past should obligatorily become prejudices and resentments at present.

The turbulences created in the inter-American system by the U.S. position in the South Atlantic crisis cannot be denied, and Brazil should not be indifferent to such turbulences. We have been able, however, to distinguish passing from permanent circumstances in the context of the continent's interests, and in that regard, the visit of President Figueiredo, by his acts and definitions, has added a great clarity.

Washington's support to Great Britain was not an obstacle for Presidents Figueiredo and Reagan to profess the same wishes for an honorable peace without victory or defeat between the two parties in dispute over the Malvinas Islands. Brazil's moderate spirit based on a firm adherence to UN Resolution No 502 must have necessarily influenced the views and calculations of the White House regarding the evolution of the South Atlantic conflict.

By declaring himself fully satisfied with the future prospects and the results of his mission to Washington, President Figueiredo brings back assurances that the basic understanding between Brazil and the United States has been preserved. That understanding is particularly advantageous for the two partners, and it also constitutes the guidepost for the hemispheric pact that needs to be reestablished as soon as possible through updated and realistic reformulations, taking into account the new importance acquired with the passage of time by the majority of the member countries of the Latin American community.

CSO: 3001/156

## AIR FORCE OFFICER COMMENTS ON VULCAN INCIDENT

PY040330 Buenos Aires TELAM in Spanish 0205 GMT 4 Jun 82

[Report by Justo Piernes]

[Excerpt] Rio de Janeiro, 3 Jun (TELAM)--The interception and capture of the British Vulcan bomber by supersonic fighter planes of the Brazilian Air Force proves that "the British truce on the Malvinas is a strategic trick" and that, on the contrary, Great Britain will launch an attack on the capital Puerto Argentino at any time.

This appraisal was made by a high-ranking Brazilian Air Force officer who revealed that the British bomber plane with a full load of bombs and missiles was 6 flight hours away from the Malvinas Islands when it was intercepted and escorted to the Rio de Janeiro military airport.

According to the expert, the Vulcan had the mission of bombing the main target and then returning, because it is not built to operate from aircraft carriers and much less from the short airfield the British have at Goose Green in the islands.

"This shows convincingly that the British truce announced in London is only a strategic lie to gain time and permit the troops to consolidate themselves on land by resupplying the vanguard from the San Carlos Bay beachhead," he stated.

He commented that if this was not the case, the interception would indicate a "disaster of the British aviation in the theater of operations making them unable to undertake full actions and putting them in need of long-distance bomber reinforcements to support their task, which would in fact confirm that their two aircraft carriers have been effectively put out of action or have been left with a low operational capacity."

Since the incident the Brazilian Air Force has been put in a "state of alert" and the intercept squadrons at the continental bases along the coast have received orders to stay on duty 24 hours a day.

CSO: 3010/1657

## NATIONAL STUDENT UNION PRESIDENT TO BE QUESTIONED BY POLICE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 May 82 p 15

[Text] Francisco Javier Ulpiano Alfaya Rodrigues, president of the National Student Union (UNE), will be interrogated in coming days by the Bahia Federal Police Department [DPF] about his possible involvement in political movements against the current government in the country. Federal Government sources admit, however, that as yet there is no certain period for the conclusion of the process which seeks the expulsion of the UNE president from Brazil.

In a collective press conference yesterday, Javier answered statements made by Minister of Justice Ibrahim Abi-Ackel that he is a member of "an organization of violent action and of subversive or anarchist militancy." He said that his participation "was always limited to student movements."

He also considered without basis the statement made by Abi-Ackel placing his status as a student in doubt. He explained that he attends the Bahia Federal University School of Architecture since 1975 and that the rector of the university, Luis Fernando Macedo Costa, admitted in a Bahia television interview that he is registered and enjoying the right granted him by the university.

Accompanied by his father, Fernando Alfaya Bula, a Spaniard who has resided in Salvador for 20 years, Javier declared that he has always complied with the requirements contained in the Alien Law and that the process of expulsion "is not a student problem but a threat to the Brazilian people and to the democratic institutions of the country."

Various organizations have already expressed themselves against the expulsion of the UNE president and they have the intention of creating a national committee with headquarters at the Sao Paulo Doctors Union, for coordinating all demonstrations of support for Javier. The president of the Justice and Peace Commission, Jose Gregori, confessed yesterday that he is alarmed with that problem because "what is being attempted is not the expulsion of an alien but the banishment of a Brazilian, renewing the hateful days of exile in this country."

The students of Minas Gerais scheduled a public demonstration in the center of Belo Horizonte tomorrow and they expect to collect nearly 50,000 signatures in Minas Gerais in favor of Javier, not discarding the possibility of a national work stoppage if the trial is not stopped. In Sao Paulo, 25 workers' organizations have already scheduled two public events in solidarity with the UNE president, one for tomorrow at 2000 at Tuca, and one for the 26th at Largo Sao Francisco.

Late in the afternoon, the national leadership of the PMDB [Brazilian Democratic Movement Party], released an official note of "vehement protest against the official persecution directed against the university leader."

8908

CSO: 3001/150

## NEW PRC AMBASSADOR SAYS INCREASED TRADE IMPORTANT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 May 82 p 31

[Text] China and Brazil are making efforts to develop their trade and economic relations, particularly since the visit Minister of Foreign Affairs Saraiva Guerreiro made to Peking 2 months ago. The statement was made yesterday in Rio by the new Chinese ambassador to Brazil, Xu Zhongfu, who spoke to the press at Galeao National Airport prior to making connections to Brasilia, where he will present his credentials to the Brazilian Government next week. Brazil also has a new ambassador in China, Diplomat Italo Zappa, who will assume his duties in Peking in July.

Ambassador Xu Zhongfu believes the strengthening of ties between the two countries to be very important and said he had hopes that there will truly be a great intensification in our relations in the near future.

"We are satisfied with the results achieved up to now," he declared, "and we believe that after the significant mission undertaken by Minister Saraiva Guerreiro in Peking, China and Brazil will promote the strengthening of their relations." Although he is already more or less familiar with South American problems, since he served as ambassador to Chile for 4 years (1974-1978) and for a like period in Argentina (1978 to 1982), Xu Zhongfu demonstrated he had little knowledge about Brazil: "I heard say that it is a very pretty country and one of those which developed the most in recent years.

"From what little I saw as I flew over the city of Rio," he added, "I was enchanted and very happy to come to work in Brazil. I expect to make good friends here, just as happened in Chile and Argentina, countries which, like Brazil, are friends of China."

A career diplomat, Xu Zhongfu, 64 years-of-age and very communicative, replaced Ambassador Chang Techun, who has already returned to Peking. Chang served for 7 years in Brasilia, having been the first PRC ambassador to Brazil.

\$400 Million

Trade exchange between Brazil and China was approximately \$400 million in both directions last year, with a favorable balance for China, it was reported yesterday by its new ambassador to Brazil, Xu Zhongfu, when he landed at Brasilia. Possibly



tomorrow he will have an audience with Minister of Foreign Affairs Saraiva Guerreiro, to whom he will present a copy of his credentials. At the same time, the date on which he will deliver his credentials to the president of the republic will be scheduled.

Although at this time the trade balance favors China as the result of its sales of petroleum to Brazil, a joint commission will meet soon to study measures which will tend to balance the trade exchange between the two countries. In 1982, China will sell Brazil nearly 1.5 million tons of petroleum.

8908

CSO: 3001/150

## INCREASE IN EXPORTS UNDER STUDY BY IRAQ

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 May 82 p 37

[Text] The possibility that petroleum exports from Iraq to Brazil may be increased will be examined at a meeting PETROBRAS [Brazilian Petroleum Corporation] President Shigeaki Ueki will have tomorrow with Iraqi Minister of Oil Tayih 'Abd al-Karim, who since yesterday began making contacts with representatives of INTERBRAS [PETROBRAS International Trade, Inc].

Minister Karim, who arrived in Brazil Sunday, came accompanied by Ramzi Salman 'Abd al-Hussaim, president of the State Oil Marketing Organization (SOMO), a state agency of the Iraqi Government responsible for petroleum exports. Like other heads of state petroleum companies, Minister Karim participated as the representative of his country at the OPEC meeting held last week in Quito, Ecuador.

At this time, with 160,000 barrels of petroleum daily, Iraq is the second supplier of petroleum to Brazil, preceded only by Saudi Arabia, which provides Brazil with nearly 220,000 barrels per day. Reduction of supplies by Iraq--previously they amounted to nearly 200,000 barrels per day--is due to a request by the Iraqi Government itself, which as a result of its war with Iran found itself forced to reduce petroleum production and its exports. Before the war, by an agreement signed with PETROBRAS with respect to the Basrah oilfield, discovered by BRASPETRO [PETROBRAS International, Inc] in Iraq, this country provided Brazil with as many as 400,000 barrels daily.

## Iran

"A simple courtesy visit without specific business content," that is the way one of the advisers of PETROBRAS President Shigeaki Ueki described the meeting he held yesterday morning with Iranian Vice Minister of Petroleum Abbas Honar Doost, who also passed through Rio from Quito after participating in the OPEC meeting.

Brazil halted its petroleum purchases from Iran at the end of 1980. Recently, there were offers of Iranian petroleum to Brazil at a price below that of OPEC, but even so PETROBRAS made no deals because it has an excessive volume of petroleum.

A Libyan Government mission headed by Secretary of Petroleum Kamel Hassan al Maghur, also from Quito, visited BRASPETRO, a PETROBRAS subsidiary for petroleum prospecting abroad, yesterday. The Libyans were received by BRASPETRO prospecting director, geologist Wagner Freire, who accompanied them on a tour of the installations of the Leopoldo Miguez de Mello Research Center (CENPES) on Fundao Island. The Libyan minister signed a protocol with Minister of Mines and Energy Cesar Cals for the intensification of BRASPETRO petroleum prospecting work in Libyan territory, where the PETROBRAS subsidiary discovered petroleum in 1977.

8908

CSO: 3001/150

## BRIEFS

MILITARY PORT ON TRINIDADE--Rio de Janeiro, 3 Jun (AFP)--The construction of a port and an airport for military operations on the Brazilian island of Trinidad, which was occupied by Great Britain in 1895, was proposed to the Government of Brazil on Wednesday by a consortium made up of Brazilian enterprises and the French corporation Thomson, it was reported here. The report, which was disseminated by the press, adds that the proposal was made during a meeting that the representatives of the abovementioned consortium held with Brazilian Navy Minister Maximiano Fonseca and high-ranking officer of the Brazilian Armed Forces in Brasilia last Wednesday. According to the source, the plan foresees the construction of a runway for military aircraft, a port, radars and various [word indistinct] systems in Trinidad Island. The French-Brazilian consortium underscored the strategical importance of Trinidad Island for the security and control of maritime traffic in the South Atlantic and for Brazilian defense. Trinidad Island, which is located in the South Atlantic at an offshore distance of 1,140 km from the Brazilian state of Espirito Santo, was discovered in 1501 by the Portuguese Joao da Nova and it was occupied by the British in 1700, 1777 and 1895. [Text] [PY032206 Paris AFP in Spanish 1416 GMT 3 Jun 82]

LIBYAN MINISTER ARRIVAL--Libyan Minister of Petroleum Kamel Hassan Maghour arrives in Brazil today to hold talks with Minister of Mines and Energy Cesar Cals and other Brazilian economic authorities. This is an official 3-day visit as a response to the visit the Brazilian minister made to his country in October last year. The main points in the trade relations between the two countries at this time are the purchase of 38,000 barrels of Libyan petroleum daily by Brazil, the presence of PETROBRAS [Brazilian Petroleum Corporation] in Libyan territory drilling in the southern part of that country, and the presence of the Mineral Resources Prospecting Company--CPRM, which signed a contract with a value of \$11 million with the Libyan Government aimed at making diversified investigations in the mineral sector of that country. The two countries also maintain a Joint Libyan-Brazilian Commission, which will meet once more in Brasilia in September. The Libyan minister, who has been in his post since March this year, has already been ambassador of Libya in Paris and Peking and the Libyan representative at the International Court of Justice in the dispute on the continental shelf. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 May 1982] 8908

## CHILEAN DAILY VIEWS SOVIET POSITION IN FALKLANDS CONFLICT

PY272307 Santiago Chile EL MERCURIO in Spanish 19 May 82 p A 3

[Editorial: "Soviet Reactions"]

[Text] The Anglo-Argentine conflict in the South Atlantic has called forth many interpretations of the true being played by the Soviet Union in its development. Many of these interpretations have been of a speculative nature and more than once they have been part of the strategy of one of the parties. The official statements by the Soviet Government on the subject have generally been sparing which may have contributed to increasing the degree of uncertainty regarding its intentions. Now there is, however, sufficient material to be able to assess the problem.

To begin with, it is suitable to refer to the development of the attitude of the Buenos Aires Government to possible Soviet reactions. At the beginning of the current crisis there was a clear interest on the part of Buenos Aires to encourage the notion that its aspirations were endorsed by the Soviet Union and there were even insinuations of the possibility of an active military cooperation. Among other manifestations of this policy, the report was published that Soviet submarines were present in the conflict area, the activities of Ambassador Ernesto de La Guardia in Moscow were highlighted and it was attempted to create a political climate of rapprochement.

It would seem, however, that there has been a reconsideration of this rapprochement strategy in the last few days, because both President Galtieri and his defense minister have been stressing that Argentina does not need that support and possesses sufficient means to face the conflict alone. Gen Vernon Walter's renewed visits to Buenos Aires may also have something to do with this new approach, mainly because of the fact that the U.S. Government has publicly warned the Soviet Union to abstain from interfering in this matter.

The second factor to be kept in mind when judging the situation is the official position stated by the Soviet Union. It can be observed that this position has generally been cautious and has not entailed any open support of the Argentine thesis. The Soviet abstention at the UN Security Council voting was correctly interpreted as a serious reverse for the Argentine expectations. Later on, the Soviet Government indicated that it would remain neutral in the conflict.

A recent official communication from the Soviet Government to that of London in which the actions in the South Atlantic exclusion zone are considered illegal seems to be related to the need to safeguard its rights as a maritime power, rather than indicating any intention of interfering in the conflict. The incompatibility is, in fact, pointed out between those actions and the high seas convention of 1958--and this is linked to the discussion of whether the law of the sea can be applied in times of war--and it is also stated that the Soviet Union has not made the least attempt to participate in that conflict, of which the British Government would be aware, according to that communication. It is highly remarkable that the Argentine position is not endorsed and that no statement whatever is included regarding the British intention to cover the southern archipelagoes.

This Soviet position is explained by various reasons. In the first place, a national Soviet interest is involved, because it should be remembered that the Soviet Union occupies islands in dispute with Japan. Above all, however, it is obvious that the Soviet Union expects to reap benefits in the long run from this conflict, both because of the divisions it has caused in the Western world and because of the probable anti-U.S. reactions which may emerge in some Latin American countries. To this end it is an adequate strategy not to become directly committed in the conflict, while at the same time its news agencies--as well as those of the Havana and Managua Governments--express their support for Argentina in terms which stress the anticolonialist aspects of the case in question.

CSO: 3010/1677

## CHILEAN NAVY OFFICIAL REPORTS ON SOVIET SHIPS

PY292229 Paris AFP in Spanish 1917 GMT 29 May 82

[Text] Santiago, Chile, 29 May (AFP)--A high ranking officer of the Chilean Navy Admiralty said here today that several Soviet fishing ships are carrying out espionage missions in the area of the Malvinas Island conflict in the South Atlantic.

Capt Pedro Chiminelli said that Chilean naval officers are keeping a constant watch in the South Pacific and the seas near the Antarctic where more than 100 Soviet and Cuban factory ships have been detected during the last 4 months.

Chiminelli said that there are currently in the Malvinas Islands area several fishing vessels which are closely observing the actions taking place there.

He added that the ship's objective is to evaluate and study the actions which the Soviet Union may put into operation in an eventual confrontation with the West.

Regarding the Pacific, the high ranking officer indicated that the purpose of the Chilean watch over the fishing vessels which are operating in international waters, is to prevent surprises in the future.

Chiminelli mentioned in this regard the possibility of the landing of Cuban guerrilla groups for the training of Chilean revolutionaries in the Chilean archipelago, 1,500 km south of this capital.

In conclusion Chiminelli said that the navy is closely watching the operations being carried out by these socialist countries. He said this during a lecture of the anniversary of the month of the sea in Chile.

CSO: 3010/1677

## BRIEFS

REDUCTION PUBLIC EMPLOYEES' WAGES DENIED--Santiago, Chile, 27 May (AFP)-- Chilean President Gen Augusto Pinochet said today that his government was not planning to reduce the salaries of public employees; however a high-ranking official said that a study exists to eliminate future increases. Pinochet said that it is not true that the government junta has in its hands a plan to reduce the [word indistinct] in the public administration, as has occurred for several months in private industry due to the economic recession and the need to lower the costs of production. There is no reduction of wages, nothing, absolutely nothing. I can promise you, the chief of state stressed when questioned by reporters while visiting the city of Copiapo 800 km north of Santiago. However, Gen Gaston Frez, director of the national planning office, brought up in this capital the possibility of doing away with the legal mechanism which established an automatic readjustment of wages in the same proportion as the increase in inflation. Referring to the state sector and the ending of future wage increases, Frez explained that it is good for people to understand that it is preferable to work even when you do so with lower wages. [Excerpts] [PY302035 Paris AFP in Spanish 2323 GMT 27 May 82]

OFFICIAL VISIT TO BRAZIL--Adm Jose Toribio Merino Castro, commander of the navy and member of the government junta, today left for a 4-day official visit to Brazil. Admiral Merino left accompanied by his wife (Margarita Riogia) de Merino on an Iberia flight at 1130. Admiral Merino is travelling at the special invitation of Brazilian navy commander Adm Maximo da Silva. He will take this opportunity to strengthen the friendly relations linking the navies. [Text] [PY022226 Santiago Chile Domestic Service in Spanish 1730 GMT 2 Jun 82]

DIPLOMATIC RELATIONS WITH BURMA ESTABLISHED--In a communique released by the directorate for cultural affairs and information, the Foreign Ministry yesterday officially announced the establishment of diplomatic relations with the Socialist Republic of the Union of Burma. The two governments agreed to establish relations at ambassadorial level on 22 April. The respective ambassadors, who will concurrently serve in other countries, will soon be accredited in the two capitals. [Text] [PY280530 Santiago Chile LA TERCERA DE LA HORA in Spanish 4 May 82 p 27]

LEFTISTS GAINING STRENGTH--Andres Pascal Allende, secretary general of Chile's movement of the revolutionary left,--MIR--has stated that along with the economic and moral crisis faced by the Chilean military junta, there is also a



great revival of the social struggle. In a press conference with the local and foreign media held at the Habana Libre Hotel, the Chilean revolutionary leader stressed that the unity of the people's movement is gaining strength and that the main Chilean leftist parties encourage the uprising. [Text]  
[FL011735 Havana Domestic Service in Spanish 1100 GMT 1 Jun 82]

MEETINGS TO BE HELD OCTOBER--Santiago, Chile 19 May (AFP)--Officials have reported here today that Chile has invited the member countries of the Antarctic Treaty to attend the first scientific meeting which will be held in the Antarctic in October. The exploitation of mineral resources in the Antarctic, the preservation of species and the implementation of the law of the sea in this territory are among the subjects to be discussed in this meeting that will be held at Chilean Air Force (FACH) Lieutenant Marsh Base. The meeting which will be held from 6 to 9 October, is sponsored by the Chilean Government, the university of Chile and other institutions. Invitations have been addressed to investigators and experts of the 11 signatory countries of the 1959 Antarctic Treaty. These countries are: Argentina, Australia, Belgium, the United States, France, Japan, New Zealand, Norway, South Africa, the Soviet Union and the United Kingdom. Other nations that joined the treaty years later and that have shown interest on these studies have also been invited, according to one of the organizers, the director of the Chilean International Studies Institute, Francisco Orrego. [Text] [PY311921 Paris AFP in Spanish 0224 GMT 19 May 82]

CSO: 3010/1677

## DOCUMENTS CONCERNING PEACE COMMISSION RESIGNATION PUBLISHED

Bogota EL ESPECTADOR in Spanish 15 May 82 p 9-A

[Passages enclosed in slantlines printed in italics]

[Text] The following is the text of the letters between former President Carlos Lleras Restrepo and President Julio Cesar Turbay Ayala concerning the resignation of six members of the Peace Commission and a memorandum and a bill sent by the commission to the national government for study.

Lleras' Letter

Bogota, D.E.  
11 May 1982

Mr President:

After careful study, the Peace Commission that I have the honor of heading by virtue of your honorable appointment yesterday approved the memorandum on the steps that could quickly lead to the complete cessation of acts to disrupt public order by the M-19. I note that General Forero Delgadillo, commander of the armed forces, could not attend the meeting although I promptly sent him the text of the memorandum and the decree bill that accompanies it. General Naranjo Franco, director general of the police, withheld his opinion with the consent of the remaining members of the Peace Commission who felt that his opinion can be expressed within the process of government internal consultations presented in the final part of the memorandum.

Some members of the commission felt that it would be better to amend the beginning of the second point of the memorandum so that the call that the M-19 makes refers more to its desire that, through peace, the state of siege can be lifted than to a call to the other armed groups for fear that jealousies among the different groups might arise. Since the public statement that the M-19 leaders must make can be reviewed at the proper occasion by me, I feel that it will be very easy to avoid any mere editing problem.

Also the Peace Commission studied the bill for an extraordinary decree that the government would dictate, based on its prerogatives granted by Article 121 of the National Constitution, and gave it unanimous approval although Gen

Francisco Naranjo Franco took the same position with respect to that text as he did with the memorandum.

Due to a clerical mistake, the decree bill that was sent to the president of the republic was entitled "Bill of Law." It is obvious that this is an extraordinary decree that would be dictated based on Article 121 of the National Constitution.

A subcommission composed of Dr Cesar Gomez Estrada and Dr Jaime Bernal introduced minor editing changes to the text that was submitted to the president. These are explanations concerning the fact that the decree will only cover acts prior to its enactment and other small points of secondary importance. The enclosed text includes those changes already.

All the jurists on the commission reaffirmed their opinion on the complete constitutionality of Decree 474 of 1982 and the bill now being discussed.

With the hope, Mr President, that the government will have enough members this afternoon to quickly advance the action planned in the memorandum, I remain your attentive servant and compatriot, Carlos Lleras Restrepo.

To the President of the Republic  
Dr Julio Cesar Turbay Ayala  
E.S.P.

Turbay's Answer

Bogota, 14 May 1982  
Dr Carlos Lleras Restrepo  
Former president of the republic  
L.C.

Mr President:

I have in my possession several of your letters pertaining to the work that you have done, with patriotic zeal and unprecedented devotion and with the collaboration of your comrades on the commission, on the study of legal provisions that, in your opinion, could quickly lead to the complete cessation of acts to disrupt public order by the M-19.

You sent me a memorandum dated 21 April on the steps that, in your opinion, must be taken in this process as well as the decree bill that the government could dictate, using the prerogatives of Article 121 of the Political Constitution, to extend Decree 474 on the suspension of proceedings and sentences for the crime of rebellion and related crimes. More concretely, first you and then the Peace Commission, with the exception of the members of the armed forces and Monsignor Revollo who only attended one session of the commission, felt it was appropriate to extend the benefits of Decree 474 to related crimes that the government had excluded for feeling it was not appropriate to include among the beneficiaries those who committed heinous crimes like homicide outside combat, kidnaping and extortion as part of their rebellion.

It is obvious, as you note in one of your letters, that we decided to consult the political leaders of the parties in the government coalition and to make other necessary consultations within the Executive Branch before putting your initiatives and those of the Peace Commission into effect.

The first response that I received came from Dr Alfonso Lopez Michelsen, the leader of the Liberal Party. He told me that he would wholeheartedly support whatever the president of the republic, a member of his own party, found good and advantageous for the public welfare. The conservative leaders made their points of view known to me, through the minister of justice, in a three-page memorandum emphasizing the fact that they did not understand why the government, after having refused to extend the benefits of Decree 474 to related heinous crimes, would take the opposite action without any new reasons. Also the conservative leaders revealed that they were not in the position to give a detailed opinion on a matter concerning public order within the national legal framework. They added that if the president requested not their opinion but an act of solidarity for public welfare, the conservative leaders would be willing to study and analyze such a request. Also the conservative memorandum made some comments on the eventual meeting between former president Dr Carlos Lleras Restrepo and Mr Bateman.

The members of the armed forces reiterated their decision to follow the orders of the chief of state as is their constitutional duty but they expressed their opinions at the request of the president of the republic. The members of the armed forces do not believe that the M-19 is the only subversive movement acting in the country; there are others with better paramilitary organization that very probably would not accept an agreement reached with only one of the subversive factions. Therefore, that partial agreement would not bring about a general peace but an incomplete compromise with Mr Bateman and his followers.

The generals consulted had many arguments about the bad impact that such a precarious agreement, made at the price of essential principles and bases of the legal order, would have on the morale of the troops. They added that since the FARC [Revolutionary Armed Forces of Colombia] simply decreed a truce during the elections in which the communist candidate, Dr Gerardo Molina, is participating, it would be likely that the subversive action of the FARC would start up again at the time of the alleged peace with the M-19. These and other questions worried the armed forces. Naturally, the military leaders openly recognized the effort and sacrifice that former president Lleras Restrepo has shown at every moment during this process.

Finally, I repeated my opinion on the very noble and difficult enterprise that former president Lleras Restrepo undertook. Although his proposals have been frustrated, it is necessary to recognize his exceptional desire to serve lofty national interests. I added that, examining the situation described above, the government that I head is not in the position to accept the proposal that was formulated with such good intentions but contradicts the conduct that the Executive Branch has followed during these 4 years.

I invited former president Lleras to continue at the head of a commission that, in my opinion, can still explore new possibilities for peace which is the main

aspiration of this government. All those attending the meeting where these complex problems were analyzed agreed with this request that Dr Lleras continue at the head of the Peace Commission. Dr Lleras Restrepo repeated that he did not consider his presence useful and he wanted to make this known to his comrades on the commission, to the country and to the people who were acting as intermediaries with the M-19 leaders.

Yesterday I received a letter of resignation signed by former president Lleras, Monsignor Rafael Gomez Hoyos, Dr Cesar Gomez Estrada, Dr Alvaro Leal Morales and Dr John Agudelo Rios. Dr Joaquin Vallejo Arbelaez concurs with them.

I personally deplore the fact that such eminent citizens have decided to deprive the government and the country of their talents at a time when their help has special national meaning. Their resignation leads to interpretations that force the Executive Branch to analyze objectively the causes of the resignations of these eminent people. I want to express my gratitude to all of them and tell them that the government appreciates their contribution to several decrees that were issued at the recommendation of the commission.

I would not be honest with you if I did not add to this response a copy of your letter of 11 May and the memorandum of 21 April which suggests the steps that could be followed for an eventual agreement with the M-19. I also add to this letter a copy of the decree bill suggested by you and your distinguished comrades.

The government will continue working for peace until its last day since it feels that it is never too late to achieve this cherished ideal of the Colombian people. I propose, with the members of the cabinet, to continue studying formulas that can lead to the supreme good of peace within the legal order before the end of my term.

While accepting your resignation as president of the Peace Commission and those of your prestigious work comrades, let me point out to the people what I already said in one of the earlier paragraphs about the patriotic devotion and apostolic fervor that characterized your collaboration in search of peace with the government that I head. I know that, without you, it will be more difficult to achieve national reconciliation but certainly the government cannot refuse to work for it, devoting time, energy and goodwill to that task and doing so wholeheartedly. However, it will not necessarily have to extend the conditional suspension of the sentence and provisional release to those accused of heinous crimes connected to rebellion, sedition, etc.

I sign as your servant and compatriot, Julio Cesar Turbay Ayala, President of the Republic

Text of Memorandum

On the steps that the president of the Peace Commission feels could quickly lead to the complete cessation of acts to disrupt public order by the M-19.

/First/ The superior command of that movement, composed of persons who are now imprisoned as well as others who are free, including Mr Bateman will make a public statement that they propose to defend their principles and their policy by peaceful means, appealing to the support of Colombians through the systems of representative democracy consecrated by the National Constitution. The movement will seek, through strictly legal means, to improve those systems, to keep their legal proselytism activities unhindered and to help reestablish peace through its position in order to have the state of siege promptly lifted.

/Second/ In that same public statement, the superior command of the M-19 will make a call to the other armed movements to follow the same road and thus facilitate the lifting of the state of siege. It is understood that the government will ask the congress to convert the decrees that are dictated now into laws so that the norms concerning the legal situation of those implicated in the movements mentioned above cannot expire.

/Third/ As soon as the government adopts the decisions that define the legal situation of the members of its movement, the superior command of the M-19 will give a public, solemn order to all people in it to present themselves to the authorities as planned in Decree 474 and hand over their arms. The effects cited in the same decree will be applicable to these people and the members of the movement who are imprisoned under indictment or sentence.

/Fourth/ Those indicted and imprisoned for crimes not covered by the amnesty in that same decree will have the right to release under the conditions of the government decree if they show that they belong to the movement and that the crimes they are accused of were connected to the activity that that movement advanced against the constitutional order of the state.

/Fifth/ If the people to whom the above article refers were found guilty of the crime or crimes they are accused of, they will have the right to receive the minimum sentence under the law and the benefit of conditional suspension of the sentence under the conditions of the Penal Code and the Code of Penal Procedure and those indicated by the government, meeting with the Peace Commission, in an extraordinary decree.

This is understood to affect the members of the movement or movements that have proceeded in accord with the first three points of this memorandum. This memorandum is accompanied by the decree bill that the government would dictate as soon as the first two points of this memorandum are carried out.

The government would give the president and other members appointed by the Peace Commission the facilities to explain to the M-19 leaders--whether imprisoned or free--the scope of the bases set forth in this memorandum and the way to carry them out.

According to the president of the republic in a recent meeting with the president of the Peace Commission, the latter will not put the process discussed here into effect until he receives the approval of the political leaders and the government which has reserved the right to make other internal consultations before deciding. The president of the Peace Commission will also hold



indispensable consultations with his commission comrades before putting the process into effect.

#### Decree Bill

/Decree bill dictating measures for the reestablishment of internal public order/

The president of the Republic of Colombia,

In use of the prerogatives that Article 121 of the National Constitution confers on him,

#### Decrees:

/First Article--Provisional Release/ Those persons not deprived of freedom but against whom arrest warrants have been dictated who belonged to a subversive group whose leaders have made an express statement that they are desisting in the armed fight to act only within the norms regulating the legal activity of political groups and who are being tried for crimes connected with rebellion, sedition, etc., excluded from the suppression of penal action in Decree 474 of 1982 will be granted the benefit of provisional release.

/Second Article--Conditional Suspension of Sentence/ Those persons not deprived of freedom who belong to a subversive group under the conditions cited in the above article and who have been sentenced for crimes connected with rebellion, sedition, etc., not suppressed by Decree 474 of 1982 will have this sentence suspended for a trial period of 2 years.

/Third Article--Jurisdiction/ Provisional release will be granted by the judge that presides over the trial. The conditional suspension of the sentence will be granted by the judge that dictated the sentence in the first place. The decisions to which the above clauses refer must be pronounced within 3 days after the promulgation of the present decree.

If there was an arrest warrant, it will be revoked in the decision.

There is no appeal of these decisions.

/Fourth Article--Deadline for Presentation (or Obligation to Present Oneself)/ The persons to whom the rights mentioned in the first and second articles of this decree have been granted have the obligation to present themselves to the official who pronounced the corresponding decision within 30 days after this decision.

The objective of this presentation is that the person demonstrate that he will cease in his subversive activities, turn over the arms that he has in his possession and take on the commitments in the following article. All of this will be verified in a pledge that must be signed, under oath, by the pledger.

/Fifth Article--Pledge/ The persons benefited by the provisional release in the first article of this decree will sign, at their presentation, an

agreement in which they promise to reside in the judicial district of their residence during the trial, not move without prior authorization by the judge and present themselves weekly to the authority indicated by the judge.

Those benefited by the conditional suspension of the sentence in the second article will be subject to the same obligations during the trial period. They will also sign the corresponding pledge.

/Sixth Article--Revocation of Rights/ The provisions in which the rights in the first and second articles of this decree were recognized will be officially revoked:

1. When the beneficiaries do not present themselves within 15 days to sign the pledge and to hand over the arms in their possession.
2. When, after signing the pledge, they violate any of the obligations imposed by the official without justification.
3. If during the release or trial period, the beneficiary commits any fraudulent or intentional crime.

Regular appeals apply to the decisions in this article.

/Seventh Article--Suppression of Sentence/ If the trial period expires without the sentenced person committing a new crime or failing to comply with the obligations established in the fifth article, the sentence remains suppressed by a judicial resolution.

/Eighth Article--Compatibility Between Rights in Decree 474 of 1982 and Those in This Decree/ The rights consecrated in this decree do not exclude suppression of the action and the sentence in accord with that established in Decree 474 of 1982.

/Ninth Article--Provisional Release and Conditional Suspension of Sentence for Those Deprived of Freedom/ Those persons deprived of freedom, accused or sentenced, who are members of subversive groups whose leaders made the express statement to which the first article of the present decree refers will be granted the rights consecrated in the first and second article of this decree once they have sworn to cease their subversive activity and signed the corresponding pledge.

/Tenth Article--Deadline for Deciding/ After the deadline mentioned in the fourth article has expired but the conditions in the preceding articles have been carried out, the right to provisional release or conditional suspension of sentence will be granted within the next 3 days.

/Eleventh Article--Official Decision/ The rights consecrated in this decree do not require petition by the party.

Twelfth Article--Scope and Effect/ The present decree will only be applied to crimes committed before it is issued and will go into effect on the date of its promulgation.



/Postscript/ For better understanding of the paragraph in which the president of the republic refers to the proposals of former president Lleras Restrepo and the other members of the Peace Commission concerning the extension of the benefits of Decree 474, the Information and Press Secretariat of the Presidency of the Republic states that the commission proposed to extend the benefits of conditional release and conditional suspension of sentence to those who were responsible for connected crimes excluded in the often cited Decree 474.

Bogota, 14 May 1982

7717

CSO: 3010/1596-A

## LLERAS RESTREPO, OTHERS RESIGN FROM PEACE COMMISSION

Bogota EL TIEMPO in Spanish 14 May 82 pp 1-A, 6-A

[Article by Cesar Vallejo Restrepo, editor of EL TIEMPO: "Six Resignations from Peace Commission"]

[Text] The Peace Commission was submerged in a crisis yesterday when its president, Carlos Lleras Restrepo, and five other members resigned. They felt that their "lengthy studies and negotiations so that the groups up in arms would submit to the constitutional order were not considered practicable by the government."

Former president Carlos Lleras Restrepo sent a letter stating this to the chief of state, Julio Cesar Turbay Ayala, in which Monsignor Rafael Gomez Hoyos, former ministers Cesar Gomez Estrada and John Agudelo Rios and jurist Alvaro Leal Morales also resigned.

The letter of resignation was not signed by: Bishop Mario Revollo; Gen Jose Gonzalo Forero Delgadillo, commander of the military forces; Gen Francisco Jose Naranjo Franco, national director of the police; Guillermo Alberto Gonzalez, manager of the Agrarian Bank; and Pedro Jose Ramirez, manager of INCORA [Colombian Agrarian Reform Institute].

Gerardo Molina, leftist presidential candidate, resigned days earlier.

According to the letter Lleras Restrepo sent to President Turbay Ayala yesterday, former minister Joaquin Vallejo Arbelaez--who is out of town--asked the resigners to convey his resignation from the commission to the chief of state.

In an editorial note published in NUEVA FRONTERA last 13 September 1981, former president Lleras Restrepo had suggested that the government establish a peace commission of civilians, ministers and members of the armed forces to study the public order situation and make recommendations to the Executive Branch. The objective was to create a favorable climate to end guerrilla actions and acts of terrorism.

On 19 September 1981, Turbay Ayala responded to Lleras Restrepo and asked him to head the peace commission. In a letter that he sent to Lleras Restrepo, the president said: "I know it is a hard and thankless task but I also know the extent of your patriotism."

Days later Lleras Restrepo announced that he would head the Peace Commission. He and President Turbay Ayala agreed on 11 other members: Bishop Rafael Gomez Hoyos; Bishop Mario Revollo; Gen Jose Gonzalo Forero Delgadillo; Gen Francisco Jose Naranjo; jurists Cesar Gomez Estrada, Alvaro Leal Morales, Joaquin Vallejo Arbelaez, John Agudelo Rios and Gerardo Molina; Guillermo Alberto Gonzalez, manager of the Agrarian Bank; and Pedro Jose Ramirez, manager of INCORA.

On 5 November 1981, the Peace Commission was installed by President Turbay Ayala in the Palacio de Narino.

The first meetings of the Peace Commission were spent analyzing many documents on the major economic and social factors in the present public order situation.

Turbay Ayala said later in Valledupar that some of the suggestions of the Peace Commission will become obligatory laws. He added: "I did not want to hand over a country in anarchy but one in order where the state of law is not broken or freedoms curtailed and no one suffers discrimination and no one is denied guarantees."

On 23 December, the government issued regulations on the apprehension of people, developing the recommendations of the Peace Commission.

Decree 3642 established laws for apprehension and retention of persons where there are strong indications that they acted against the public peace as determined by a procedure of freedom, rights of those arrested, deadlines for proceedings and instructions on raids and places of imprisonment.

On 11 February 1982, the Council of Ministers and the Peace Commission met in the Palacio de Narino and studied the legal situation of people involved in subversive actions who could eventually be covered by the amnesty. The objective was to analyze the pros and cons of a decree recommended by the Peace Commission that established a reduced sentence for those up in arms. They also adopted other measures that permitted the guerrillas to return to legality.

On 22 March the Peace Commission proposed substantial amendments of Decree 474 of 19 February 1981 to the government. It sought the reestablishment of internal public order and asked that the so-called amnesty not only cover those who turned themselves in by groups but also individually.

Its members reached that conclusion facing the new reality of those up in arms who preferred to turn themselves in individually and not in groups as ordered by the mentioned decree.

Days later the president of the Peace Commission denied that he had requested safe-conducts for the guerrillas who wanted to meet with its members. It had been said that those who did would receive full guarantees that they would not be arrested or physically attacked.

Meanwhile, the Peace Commission formed subcommissions in Caqueta. One, headed by the Archbishop of Florencia, Monsignor Jose Luis Serna Alzate, was to study

giving land, advice and loans from the government to those covered by the amnesty.

It should be noted that since the creation of the Peace Commission, the government has issued three decrees at its recommendation. The first extended the amnesty on sentences to the guerrillas. The second gave more time to the rebels after the deadline to turn themselves in passed. Finally, the pardon was also extended to those subversives who decided to turn themselves in individually.

Although the members of the Peace Commission kept complete secrecy about the real causes of the crisis in that group, it could be established by a good source that there were even disagreements among the members themselves.

An official source said: "Some statements by former president Lleras were energetically rejected by Gen Jose Gonzalo Forero Delgadillo."

Lleras and other members of the commission tried to send a proposal to the national government to lift the state of siege and, consequently, the security statute.

The proponents wanted the government to have special mechanisms and faculties that would permit it to counter the subversion in the country without a state of siege as is done in several other countries.

This was apparently presented to the government but President Turbay considered it unacceptable.

Letter of Resignation

Mr President:

Since the process we proposed, after lengthy studies and negotiations, so that the groups up in arms would submit to the constitutional order was not considered practicable by the government, we have reached the conclusion that we cannot do anything more to bring the honorable and delicate mission you entrusted to us to a happy end. Therefore, we beg you to accept our resignations as members of the Peace Commission.

Dr Joaquin Vallejo Arbelaez, who is out of town, has asked us to convey his resignation as a member of the same commission to you.

We hope that the three decrees that the government dictated based on the recommendations of the commission continue to contribute to the pacification of the country and the defense of human rights.

We repeat to you, Mr President, our gratitude for having entrusted a delicate mission to us that unfortunately remains incomplete. We sign cordially as your compatriots and friends.

[Signed] Carlos Lleras Restrepo, Monsignor Rafael Gomez Hoyos, Cesar Gomez Estrada, Alvaro Leal Morales, John Agudelo Rios

7717  
CSO: 3010/1596

## GOVERNMENT NOTE TO UN ON EMBASSY IN ISRAEL

PA311512 San Jose LA NACION in Spanish 22 May 82 p 7A

[Text of note from Fernando Volio Jimenez, Costa Rican foreign affairs minister, presented to Javier Perez de Cuellar, UN secretary general, by Emilia Castro de Barish, first alternate Costa Rican delegate to the United Nations, on 17 May]

[Text] Mr Secretary General: I am pleased to inform you of the following:

1. On 9 May President Luis Alberto Monge authorized the foreign affairs minister to announce the Costa Rican Government's decision to reestablish its embassy in Jerusalem, which houses the Israeli Government. I sent a note to Mr Hagay Diqan, Israel's ambassador to Costa Rica, informing him of the president's decision. This information was given to Israeli Foreign Minister Yitzhak Shamir by Fernando Guardia Mora, Costa Rican charge d'affaires in Israel.
2. The transfer of the Costa Rican Embassy to Jerusalem is based on the rights that apply in relations between two sovereign states and on the Costa Rican Government's respect for any state's decision to establish its own government seat wherever it pleases. This particular case involves two countries that have maintained cordial and close diplomatic ties for many years, fundamentally because of a common adherence to the values of representative democracy, which constitutes a suitable framework by which to promote the essential dignity of humankind.
3. The transfer of the Costa Rican Embassy from Tel Aviv to Jerusalem does not imply and should not be interpreted as an unfriendly act toward the Arab states, with which Costa Rica wants to achieve closer and improved relations; the decision has no other objective but to exercise an inherent right of national sovereignty.
4. The Costa Rican Government deplores the fact that it cannot abide by the UN Security Council request stated in point B, of paragraph five of Resolution No 478 of 20 August 1980 for these stated reasons. The Costa Rican Government cannot but interpret this security council request as a limitation

of its sovereignty and of the exercise of those rights that apply in relations between independent states. Such a limitation is unacceptable to the government of Costa Rica, on the basis of the Costa Rican constitution and the UN charter.

5. The Costa Rican Government notes that the establishment of its embassy in the western sector of Jerusalem is an act motivated by the authentic desire to promote peace. This attitude is substantiated by the history of Costa Rica's relations with all nations and by its position in international organizations. Costa Rica is a small, democratic, peaceful and unarmed state. It is a UN member-state that very much respects its obligations derived from the UN charter. Costa Rica has contributed, with constructive initiatives, to the implementation of goals and principles of the UN organization. This contribution is especially evident in the area of struggle for human rights.

6. Finally, the Costa Rican Government, through me, wishes to inform the secretary general that before deciding to move the embassy to the western sector of Jerusalem, the Costa Rican Government asked the Government of Israel to give assurances that the sacred places of Catholicism, of other Christian religions and of Islam will always be adequately protected, that freedom of religion will be respected, that religious pilgrims will have free access to those sacred places and that they too will be adequately protected. The Israeli Government has given the requested assurances orally and in writing, clearly and categorically.

I take advantage of this opportunity to send respectful greetings to the secretary general and to reiterate my most distinguished consideration.

[Signed] Fernando Volio Jimenez,  
minister of foreign affairs of Costa Rica

CSO: 3010/1665

## MINISTER FAVORS CALM STUDY OF REGIONAL SYSTEM

PA282334 San Jose Radio Reloj in Spanish 1730 GMT 27 May 82

[Text] This morning the OAS consultation meeting decided to appoint a commission to draft a resolution, Foreign Minister Fernando Volio Jimenez reported. Other draft resolutions will be considered, but the idea is to reach a consensus from which to draft a joint resolution in an effort to bring about a prompt and peaceful solution to the conflict, Volio Jimenez added. I hope results are positive so that Argentina can have peace and so that negotiations over the Malvinas Islands can continue, Volio Jimenez said.

In relation to the Costa Rican Government's position regarding a state organization of Latin American countries excluding the United States from it, Volio Jimenez said:

[begin recording] At times of conflict we must maintain some degree of equanimity so as not to harm a system [words indistinct]. In the heat of emotions caused by any conflict such as the one we are facing, it is not advisable to make any serious decision. When things have calmed down, then it is the time to attempt an objective analysis of the situation. The idea an organization exclusively for Latin American states is not new; it has come up several times at various forums. The idea is certainly contrary to what has been already achieved in the relations between a superpower of the continent and the other nations in the area. Relations should be based on the respect for the rights of other nations.

Disregarding the pros and cons of the idea, we now should be making every effort to end the conflict. Then, at the best suitable time, we can get together to analyze the basic reality of the present system, taking into consideration its strengths and weaknesses. Let me tell you, this can be a never-ending task.

The fact is that it has taken us years of effort to get the system where it now is. I do not think there is a perfect system. In my opinion organizations are what their members make of them. One thing is what we think; reality is another matter. So then, for the time being let us put our minds to finding a prompt solution to the conflict and leave other matters for another occasion.  
[end recording]

CSO: 3010/1665



## BRIEFS

AMBASSADORS APPOINTED--San Jose, 26 May (ACAN-EFE)--Official spokesman announced the following ambassadors appointments today: Edgar Ugalde to Guatemala, Oscar Castro Vega to El Salvador, Rafael Lopez Garrido to Honduras, Jesus Fernandez to Nicaragua, Enrique Munoz to Panama, Julian Zamora to Colombia, Rodrigo Jimenez Monge to the Dominican Republic, Carl Neill to Jamaica, Roberto Morales to Argentina, Rafael Paris Steffens to Brazil, Fabio Cruz to Chile, Edgar Sanchez to Peru, Marcelo Prieto to Mexico, Fernando Soto Harrison to the United States, Marco Pacheco Jiron to Canada, Rosita Giberstein to France, Antonio Pacheco to Italy, Elias Soley Soler to the FRG, Eduardo Jenkins to Switzerland, Enrique Obregon to Spain, Benjamin Nunez to the UNESCO, Luis Arnoldo Pacheco to the EEC, Karen Olsen to Israel, Gaston Kogan to Japan, Rodrigo Sanchez to China and Eduardo Con Sanchun to South Korea. [PA281311 Panama City ACAN in Spanish 0022 GMT 27 May 82 PA]

OIL AGREEMENT--Costa Rica and Venezuela have for the second time extended the oil agreement that grants credits to our country for 30 percent of its oil purchases from Venezuela. The agreement was signed by Carlos Manuel Castillo, executive president of Costa Rica's Central Bank; and Hermann Luis Soriano, minister of state and president of the Venezuelan Investment Fund, on behalf of their respective countries. The ceremony was held in the ninth floor of the National Insurance Institute and was attended by Venezuelan President Luis Herrera Campins, Costa Rican President Luis Alberto Monge and Costa Rican Presidency Minister Fernando Berrocal. [PA311233 San Jose LA NACION in Spanish 9 May 82 p 19A PA]

CSO: 3010/1665



## SWAPO LEADER ON NONALIGNED AID, MALMIERCA SPEECH

FL031925 Havana Domestic Television Service in Spanish 1100 GMT 3 Jun 82

[Interview with (Haro Shisbese), member of the Central Committee of the South-West African People's Organization of Namibia and its undersecretary of international relations, in the Conventions Palace in Havana; answers in English with consecutive translation into Spanish--recorded]

[Excerpts] [Question] We would like to hear your opinion on the nonaligned movement's efforts in connection with Namibia's decolonization process.

[Answer] First of all, you must bear in mind that since the founding of the movement, much time has been devoted to the question of the decolonization. Many countries have already achieved their independence and on the question of Namibia in particular, the movement has been very firm, placing a very special interest on this matter. This is why a special bureau meeting was held in Algeria. Especially after Cuba assumed the presidency of the movement, considerable progress has been made in the area of assistance to the national liberation movements, particularly the South West African People's Organization [SWAPO]. A special fund has been established for SWAPO and for Namibia. Namibia has also approached several countries with the help of the movement's president. In general, I can say that especially after Cuba became the movement's president aid to the liberation movements has been both positive and intense. This has been done in general, but particularly in the case of SWAPO.

[Question] We would also like to hear your view on [Cuban Foreign Minister Isidoro] Malmierca's address today.

[Answer] The speech was very inspiring and all encompassing. It covered the problems that the world is confronting today. Our wish is that this speech should be the guideline for our work here.

CSO: 3010/1654

## U.S. ATTITUDE ON FALKLANDS SEEN AS CRIMINAL

PA291341 Havana International Service in Spanish 2310 GMT 28 May 82

["Our America" commentary]

[Text] It has been only 3 weeks since the outset of the armed conflict provoked by Great Britain with its military attack on the Malvinas Islands, which are part of Argentine territory. The reaffirmation and crudeness of the hypocrisy, cynicism, arrogance and criminal nature of the imperialist powers in their relations with the countries of our America have never been made so evident in such a short period of time.

Great Britain's military attack on Argentina and the U.S. support for an extracontinental power are evidence of the aggressive, arrogant and criminal nature of these two imperialist powers, which claim to be defenders of democracy, international law and freedom.

No one will ever be able to forget how deceitful the U.S. Government's attitude in this situation has been. While acting as a mediator to prevent the armed conflict, what the United States was really doing was gaining time, so that the British fleet could reach the Malvinas Islands and position itself to launch an attack. Once this happened, the U.S. Government cynically went ahead with its support for the aggressor.

Everything that has been said by the highest British and U.S. authorities only confirms their total contempt for Latin America and its peoples, whom they have tried to repress by the use of force, blackmail and threats.

U.S. Secretary of State Alexander Haig, scornful of Argentina's ability to face the British attack successfully, predicted that Great Britain would have achieved a smashing victory over the Argentine forces in a matter of hours.

The Argentine newspaper CRONICA, in reply to Haig's statements, said that that champion of deceitful charlatanism and insolent irresponsibility, famous for his military blunders in Vietnam, should be informed of the high losses that the British have sustained in their attack of the Malvinas Islands.

Equally hypocritical and cynical is President Ronald Reagan's 25 May message to the Argentine Government, sent on the occasion of Argentina's national holiday. In his reply to Reagan's message, Argentine President Leopoldo Galtieri said that the Argentine people and government were initially surprised by the United States, because they did not expect it to side with Great Britain in its conflict with Argentina, but that they are even more surprised to receive his congratulations.

Later, Galtieri said this to Reagan: Your statement about how important it is at this moment to reaffirm the common interests and values of Argentina and the United States and to reiterate our commitment to cooperation with the people of our hemisphere and of the world is not in line with your government's attitude and is incomprehensible under the current circumstances.

But the height of hypocrisy and cynicism was demonstrated by Jean Kirkpatrick, U.S. representative at the United Nations, who dared to say at the UN Security Council that her country felt very bad about the conflict over the Malvinas. She also said with great ease that the United States has absolute respect for all nations of this hemisphere and tries to cooperate with them.

What an odd way to cooperate the imperialists have! What the U.S. representative at the United Nations said only confirms the U.S. contempt for our countries, given that her government is cynically supporting an extra-continental power in its criminal attack on one of the countries of this continent.

The U.S. Government's support for the aggressor is no more repugnant than its statements and messages, which only confirm in all of its magnitude the hypocrisy of this disturbed and brutal northern country, which despises us.

CSO: 3010/1652

CASTRO ADDRESSES YOUTHS DURING ISLE OF YOUTH TOUR

FL282103 Havana Domestic Television Service in Spanish 1700 GMT 28 May 82

[Speech by Cuban President Fidel Castro during his and Mozambican President Samora Machel's visit to the 25 September Basic Secondary Farm School in the Isle of Youth, on 27 May--recorded]

[Text] Dear Mozambican brothers, students and teachers: I have asked my great brother, my great companion, my great comrade of struggle Samora Machel--like you I call him comrade--[laughter, applause] for permission to greet you and express my affection and sympathy as well as my acknowledgement of the excellent work that the Mozambican schools and students are carrying out. [applause]

Our Mozambican students enjoy great prestige in our country. [applause] They are treated with great respect [applause] not only as students, but also as workers and revolutionaries. [applause]

I know that all of Mozambique is represented here. A symbol of the Mozambique of the future has gathered here. Here, while getting to know each other and establishing deep and fraternal ties with each other, you are sowing (?peace) and laying the groundwork for great unity and a great nation, in the same manner that the party and armed forces do in Mozambique.

Those of us who have had some political experience can grasp and understand the magnitude of the task that lies ahead for Comrade Machel and for the FRELIMO Party. Nonetheless, you know as well as we do--and this is something that we confirm whenever we get together with you or hear brilliant words or clear and revolutionary ideas expressed on your behalf--how much talent, how much revolutionary spirit and what magnificent qualities are shared by the Mozambican people. Regardless of the size of the obstacles, you will succeed, you will [word indistinct]. [applause]

I had to express these feelings to you. I had to talk to you for a while. Thank you very much, comrades, thank you very much. [applause]

CSO: 3010/1652

## COMMENTARY HIGHLIGHTS NONALIGNED 'PROGRESS'

FL072126 Havana Domestic Service in Spanish 1045 GMT 7 Jun 82

[Revolutionary armed forces and Interior Ministry combatants political information program commentary]

[Text] Relative to past meetings of the nonaligned movement, significant progress has undoubtedly been achieved by the world's progressive forces in the meeting of the coordinating bureau which just ended in Havana. There are numerous examples which reveal this truth.

In the case of Central America, the coordinating bureau approved, for the first time in history, a resolution in support of the Salvadoran people which Salvadoran revolutionary leaders described as positive. The meeting's final communique stressed, without the slightest hesitation, that the cause of the growing deterioration of the situation in El Salvador is due to the continuing imperialist repression and intervention. And it clearly states that the recent electoral farce in that country did not contribute toward a settlement of the conflict.

The bureau called for the participation of all the representative political forces, including the FMLN and the democratic revolutionary front, in finding a solution in line with the French-Mexican declaration and the Nicaraguan proposal.

Also for the first time in the history of these events, the final communique mentioned the Guatemalan situation, which it described as another dangerous area of tension where imperialist repression and intervention have not ceased.

The bureau stated its serious concern over the increased threats of intervention and the destabilizing maneuvers against Nicaragua.

Another significant agreement taken at the meeting regarding Central America was the decision to recommend to the movement's seventh summit to hold an extraordinary meeting of the bureau in Managua in order to study the Latin American situation.

Another important issue appearing in the final political statement, is the movement's concern over the military, political and economic pressures exercised against Grenada by the U.S. Government.

We should stress that the foreign ministers expressed their total support for Argentina's rights over the Malvinas and charged that British aggression with U.S. assistance affects the entire region. They also opposed any attempt by Great Britain or any other power to establish military bases or impose security agreements in Latin American territory against the sovereign will of the Republic of Argentina as a means to impose imperialist domination in the region. It is important to remember in this connection recent charges about the British Government's plan to grant the Malvinas Islands territory to the United States in the case of a British military victory over Argentina, to establish a military base which would seriously threaten international peace and security.

The nonaligned movement expressed its traditional support of Cuba, and this time it condemned the increased military threats, the blockade and the application of new economic measures against our country by the United States. Besides demanding the return of the territory unlawfully occupied by the Guantanamo naval base, the movement called for an immediate end to the U.S. blockade and threats and demanded that the Cuban people be compensated for the considerable material losses suffered as a result of these criminal measures.

Actually, although in this commentary we have only covered the parts of the final communique regarding our America, this event, as we said earlier, without a doubt constituted a step forward for the more progressive positions. This can be equally confirmed in the paragraphs dealing with Asia, Africa, the Middle East and all the areas of the world in general.

The unity of the movement regarding its basic principles in the fight against imperialism, colonialism, neocolonialism, Zionism and apartheid, was demonstrated with particular force in this event. This, to many of the journalists that had the opportunity to observe closely the work of the meeting, is a symbol of the new times mankind is living in and the growing decline of the policies of those who persist in maintaining antiquated exploitation and oppression schemes and who threaten to bring the world to a nuclear holocaust.

When progress such as that achieved at the ministerial meeting in Havana prior to the movement's seventh summit is examined, the world's hope of safeguarding the future becomes more real and the supreme goals of peace and international cooperation take a new and upward step.

CSO: 3010/1656

## ELEVEN DEAD, HEAVY LOSSES IN WAKE OF HURRICANE ALBERTO

FL041445 Havana Domestic Service in Spanish 1000 GMT 4 Jun 82

[Text] According to the general staff of civilian defense, 11 people have died and 6 are missing as a result of hurricane Alberto's passage through Cuban territory. The one person killed in the capital died from electrocution. The other dead and missing are from Pinar Del Rio, the province most seriously affected by this tropical hurricane.

Almost 50,000 people have been evacuated from the three westernmost provinces and numerous homes have reportedly been damaged. Several areas are said to be without communication as a result of the floods.

The situation in Pinar Del Rio reached such proportions as had not been seen in many decades. Some 9,000 homes have been damaged in this province. In Havana, several buildings have collapsed. Apparently, many heads of cattle and a large part of the harvests have also been lost. In Pinar Del Rio, the tobacco leaves stored for curing have also been damaged.

Here in Havana, heavy rains fell all day and all night. The bus service was interrupted along many of the more than 100 routes covered in the capital. The wind also knocked down several sections of the electrical cables, affecting several municipalities, among them, Pinar Del Rio, which has been the hardest hit by the first hurricane of this season.

Orlando Lugo, president of the provincial assembly of the people's government in Pinar Del Rio and alternate member of the party's central committee, has described the situation in that area as extremely critical. In addition to the damages we have already reported, he said that the flooded rivers made several bridges collapse. According to Lugo, these floods have been the most serious in Pinar Del Rio's recent history. The worst damage is reported in the municipalities of San Juan, Martinez, Guane, Mantua, El Sumidero, Isabel Rubio, the fishing port at La Coloma and the (Republica de Chile) community in Vinales. All of these areas are without communication.

Central committee members Flavio Bravo, chairman of the national assembly of the people's government, and Faustino Perez are in Pinar Del Rio visiting the various areas to evaluate the damages. Their party includes Jaime Cromret, member of the central committee and the party's first secretary in Pinar Del Rio.

CS0: 3010/1656



PINAR DEL RIO FLOODED, 9,000 EVACUATED

FL031646 Havana Domestic Service in Spanish 1100 GMT 3 Jun 82

[Telephone report by Miguel Valdes from Pinar del Rio Province--live]

[Text] Pinar del Rio Province is in critical situation due to the heavy rains resulting from the tropical depression that currently affects the western part of the country.

At a news conference held at the People's Government Executive Committee headquarters, Col (Ramon Garcia Duarte), chief of the General Staff of Civilian Defense in the province, reported that several municipalities are either totally or partially without communication. San Juan and Martinez are among the areas where the waters of the San Juan River have cut off all communication. Santa Lucia, El Sumidero, Pica Pica and Mina municipality are also without communications.

The rain increment throughout the province ranges between 150 and 200mm of water. This has made it necessary to evacuate over 9,000 people.

According to the information available at the time of preparing this report, the city of Pinar del Rio is the most hard hit by the tropical depression. Evacuation activities were underway there early today. The situation in the southeastern part of the city is particularly serious because the Guama River has flooded between 100 and 150m of land. At 0630 this morning, the waters of the Guama River covered the cars parked in the Pinar del Rio Hotel parking lot. In the hotel's lobby the water level reached the waist of a man of normal height.

The provincial government, the civilian defense and the party in Pinar del Rio, are engaged in the difficult task of trying to prevent the loss of human lives and material resources.

Helicopters and amphibious vehicles are expected from Havana. These will be used to intensify the rescue operations.

CSO: 3010/1654



## BRIEFS

IMMIGRANTS' WOES--More than 32,000 Cubans who left their country through Mariel and live in the Miami area, were cut off from all federal aid on 1 June and are roaming through the streets of that Florida city penniless and homeless. Florida and Miami authorities have called the situation a case of social emergency. There is fear that each of the disinherited could become a mugger or murderer at any given moment. According to U.S. radio news services, many of the Cuban antisocials live in abandoned cars and have to search through garbage cans for left-overs in order to survive. Up until 31 May, the Cuban antisocials had been receiving a federal subsidy of as much as \$119.00. Although this sum was not enough to feed them every day, at least it was some comfort, as miserable as it was, to their tragic situation. Ever since the arrival of the antisocials in Florida, the Miami press reported, the city has led the country in the amount of serious crimes committed per capita. Unemployment in the Miami area is one of the highest in the United States, primarily because of the fact that tourism, one of its main financial resources, has been hard hit by a crisis due to the serious economic recession in the United States. And precisely because of the recession, official sources in Washington reported that new house sales had decreased by 15 percent between March and April, hitting its lowest point in the last 20 years. It was also reported that preliminary studies showed that unemployment in the United States had increased again in May, reaching to almost 10 percent of the working population. [Text] [FL032047 Havana Domestic Service in Spanish 1000 GMT 3 Jun 82]

ROMANIA-CUBA COOPERATION AGREEMENT--A program of cooperation in education, science and culture for the current 5-year period has been signed by Romanian and Cuban representatives. Constantin Oancea, Romanian deputy minister of foreign affairs, and Jorge Bolanos, Cuban vice minister of foreign relations, signed the agreement. [FL022220 Havana Domestic Service in Spanish 1100 GMT 2 Jun 82 FL]

TANZANIAN AMBASSADOR--Carlos Rafael Rodriguez, vice president of the Council of State, has received Paul Milyango Rupia, who presented his credentials as Tanzanian ambassador to Cuba. [Havana Domestic Service in Spanish 1600 GMT 2 Jun 82 FL]

NONALIGNED SUPPORT FOR ARGENTINA--Jose Raul Viera, first vice foreign minister of Cuba, has said in Havana that the British attack on the Malvinas touches the roots of the nonaligned countries' movement, its anticolonialism, antineocolonialism and anti-imperialism. During a television appearance, Viera recalled that the nonaligned movement has always expressed its support for Argentina's sovereignty over the Malvinas and in recent days it has issued insistent calls for the search of a peaceful solution of the British-Argentine conflict. [Text] [PA290144 Havana International Service in Spanish 0000 GMT 28 May 82]

WESTERN SAHARAN SUPPORT--Just now the acting foreign minister of the Saharan Democratic Arab Republic, Mohamed Ould Salek, released a statement from his government denouncing the signing of a strategic military pact between Morocco and the United States. Salek, who is a guest at the nonaligned movement meeting under way in Havana, stressed that these agreements signed recently are a serious danger to world peace and security because the treaty provides for the installation of U.S. bases in Morocco. This internationalizes the conflict in an unilateral manner. The Saharan government statement also calls on nonaligned countries to make Morocco and the United States stop their aggression against Western Sahara. It concludes by charging that there are hundreds of U.S. military advisers with the Moroccan army in the combat areas. [Text] [FL312335 Havana Domestic Service in Spanish 2300 GMT 31 May 82]

BAYAMO TO HOST ANNIVERSARY--Granma Province will host the main commemoration of the 29th anniversary of the assault on the Moncada barracks, according to a decision of Cuba's Communist Party [PCC] Politburo in recognition of the efforts of the people of Granma in heeding Commander in Chief Fidel Castro's call of January 1981. On that occasion during a meeting with the provincial party's bureau, Fidel noted the need for making a special effort which would make Granma worthy of hosting the celebration of a 26 July anniversary. One year after Fidel's call, the results of the selfless efforts made by the people of Granma, their mass and political organizations and their state agencies are evident. They are determinedly struggling for the socio-economic development of the territory. In recognition of the efforts made, the PCC central committee Politburo has adopted the decision to hold the main commemoration of the 29th anniversary of the Moncada heroic deed in Granma this year. This decision will make the people of Granma legitimately proud and will be an incentive to them to continue to work for new and greater successes in the future. [Text] [FL211041 Havana Domestic Service in Spanish 1000 GMT 21 May 82]

CSO: 3010/1656

## BRIEFS

NEW BANK PRESIDENT--Salvadoran President Alvaro Magana swore in Carlos Enrique Palomo Castillo as new president of the Agricultural Development Bank yesterday. [PA311218 San Salvador LA PRENSA GRAFICA in Spanish 22 May 82 p 5 PA]

NEW UNDERSECRETARIES--In a special ceremony held at the Presidential Palace last night, President Alvaro Magana swore in six new undersecretaries of state: Juan Sifontes, of Interior; Efrain Antonio Huezo Chavez, of Justice; Roberto Serrano Alfaro, of Education; Jorge Alberto Pena Solano, of Agriculture and Livestock; Manuel Antonio Novoa, of Public Works and Manuel Enrique Alfaro Alvarado, of Housing and Urban Development. Other officials who were appointed but who were not present were Ricardo Paredes Osorio, undersecretary of Culture, Youth and Sports; and Dina Castro de Callejas, attorney general for the poor. [San Salvador LA PRENSA GRAFICA in Spanish 15 May 82 p 54 PA]

PRESS REPRESSED--(Jose Ventura), director of SALPRESS, the Salvadoran News Agency, who is participating in the seventh Latin American seminar for newsmen being held in Havana, has told this station that the Salvadoran regime killed 18 local and foreign newsmen, and is keeping several more in jail. He stressed that the Salvadoran delegation attending this event presented a report on the repression that the press is experiencing in this Central American country. He also referred to the important role that SALPRESS is playing in the struggle against the misinformation that the large news agencies are giving regarding the war in El Salvador. He praised the efforts by revolutionary newsmen to disseminate the truth about the country's situation. [Text] [PA281716 Havana International Service in Spanish 1600 GMT 28 May 82]

CSO: 3010/1663

## U.S. 'LEFTIST ADVICE' TO CENTRAL AMERICA SCORED

PA300448 Guatemala City PRENSA LIBRE in Spanish 21 May 82 p 10

["From the Mountain" column by Antonio Najera Saravia; passages within slantlines published in boldface]

[Text] "First Nicaragua, then El Salvador and later Guatemala." Such was the watchword of the communists when they began their offensive in El Salvador. Quite some time has passed since then, and yet there has been no communist victory. On the contrary, /the last elections showed that, directly or indirectly, our peoples are anticommunist/. Things would not be so bad in El Salvador were it not for U.S. intervention. Mr William Bowdler is still remembered for his about-face [caravuelta] to Romero, which he later tried to repeat in Guatemala. [as published]

The leftists in the State Department (many still remain) devised a socialist-type "social reform" recipe for El Salvador. However, the "agrarian reform" was imposed by distribution of the land; that is, /exactly the opposite/ of the U.S. agricultural policy, which guarantees the huge agricultural production of the United States. It would be exhaustive to list everything that has been done, but it is necessary to remember that the harassment of the so-called "wealthy," the "oligarchy" and the rest of the persons who were, pro-United States, has reached incredible levels. "Incredible" because it was all done by "suggestions" from the United States, condemning all these people to persecution, impoverishment and self-destruction.

The campaign against anticommunism, first promoted by Carter and later by those who followed him, even members of the Reagan administration, has been extensive. The news services never accused the communists openly. They have been called "center leftists" or "extreme leftists," but never actually labeled the advanced force of the Soviet Army, carrying out the Kremlin's plans of conquest. The Christian Democracy, which is defined as socialist, has been called "moderate left" and, of course, the anticommunists are branded as "extreme right." The communist terrorists are ignored, but the "death squads," the "paramilitary organizations," and so forth, were always rightists or of the extreme right. The propaganda for the anticommunists was always negative, the image somber....

Now then, elections were held in El Salvador despite the "death sentence" announced by the communists for those who voted. The poor use of the freedom of expression, the abuse of this fundamental right to give the impression that the left had a majority, made the victory of those who were not Christian Democrats more amazing in that sister nation. Abroad, and particularly in the United States, the U.S. assistance appeared to have succeeded in steering the population toward socialism. The idea was to exaggerate the alleged sympathy for the left, so those who were not able to win the war could be accepted, under their terms, in the government.

A "misinforming" article published in the Sunday supplement of PRENSA LIBRE on 16 May, page three, points out that "after a brief trial of reforms which, apparently, did not convince all Salvadorans..." It was possible to bring back a "strongly center-rightist democratic regime." There is insistence in that "the elections, therefore, enabled the obstinate right to return to power..." It is interesting to note /that there is resistance to the idea/ that our peoples want a democracy and economic freedom in order to work hard and do with our profits as we may wish.

Unfortunately, the United States has been very receptive to the propaganda /against the democrats/ in our America. Either one is a socialist (as in the case of the Christian Democrats) or turns out to be an "ultrarightist" of the worse type, who deserves the firing squad. Or as the above-mentioned article states, in El Salvador, "it was learned that the majority of the people are satisfied with their old habits and only want a little freedom to express their sovereign liberty and achieve peace."

Meanwhile, our political underdevelopment is awesome. Don Napo Duarte did not want to let go of power. Were it not for the fact that the United States had guaranteed the elections, who knows how many years he would have stayed in power. Also (as in the case of the "agrarian reform") the United States recommends the opposite of what it does. Craftily the United States hides the fact that /it is legally impossible [as published] to have more than two parties in the United States,/ but yet, /they advise us to accept "pluralism,"/ which is proper in countries with long democratic tradition.

Be that as it may, /the elections (when actually free) bring out our democratic aspiration; our preference for a regime of economic freedom/ and our opposition to the communist reforms recommended, as in El Salvador, by the State Department. The above-mentioned article calls it "the slightly reformist policy of the Christian Democracy" of El Salvador. There is no doubt that all this erroneous interventionism has done nothing but /to increase the victims in that sister nation./ It will take many years to recover from the leftist advise of Jimmy Carter's state department and his supporters.

CSO: 3010/1666

## CHRISTIAN DEMOCRATS ANALYZE JUNTA ACTIONS

PA051655 Guatemala City Trecevision in Spanish 0130 GMT 3 Jun 82

[Text] Today the Christian Democratic Party [?DC] published an analysis of the military government's first 2 months, noting the positive and negative effects on the country of the first 60 days of the junta's rule.

Vinicio Cerezo Arevalo, secretary general of the Christian democrats, said that the party's objective is to prompt the junta to provide a clearer definition of its governmental policy.

[Begin Cerezo recording] The most important aspect of the PRC leaders' analysis is its intent of assisting the junta to reach a more defined and clearer political orientation. We want to interpret the feelings expressed by the Guatemalan people, as the junta has no clearly defined policy on its political orientation. It has produced some positive actions, which we note in our analysis, such as the appointment of the president of the Supreme Court, which has reaffirmed the people's trust in the junta; and the intention reflected in the government statute that prohibits officials in the current administration from running for elected positions. This also applies to military officers holding ranking positions, as it would give them an unfair advantage in exerting influence on the administration for their own benefit.

I believe that these are some of the administration's most positive achievements. [End recording]

The PDC also pointed to three negative aspects in the government activities carried out by the junta since it overthrew Col Romeo Lucas Garcia on 23 March.

[Begin Cerezo recording] One of these involves the violence in the Western part of the country. The people can no longer continue to accept unsatisfactory and vague explanations and that of subversive groups. Homes have been abandoned, many have died and many have been orphaned in that area. We have certain knowledge that many people have lost everything they had. We feel that the Guatemalan army and the government must take definite steps to end this state of violence, which was promoted by the previous regime's irresponsibility and by the guerrilla activities. The government must also try to change the attitude of those who are responsible for the nation's security.

Another negative aspect, which we feel is of utmost importance, is the issue of corruption. We feel that the arrest of some officials involved in past administrative corruption has been a positive step. We object, however, to the fact that ranking officials such as the former president of the republic and others who were involved in corruption have not even been mentioned so far. We believe that all who are guilty of corruption should be treated alike, from top to bottom.

Finally, we feel that it is vitally important that the junta declare the transition period in which it will continue to exercise government functions.  
[End recording]

CSO: 3010/1676



## LABOR FEDERATION SAYS MASSACRES INCREASING

PA281606 Guatemala City Cadena de Emisoras Unidas in Spanish 0050 GMT  
28 May 82

[Paid advertisement by the Federation of Guatemalan Workers, dated  
29 May 1982--read by announcer]

[Excerpts] The Federation of Guatemalan Workers [Federacion de Trabajadores de Guatemala--FTG] announces to the peoples of Guatemala and the world that:

1. Four years ago, over 130 peasants were cruelly massacred in Panzos. They were massacred because they were determined to fight for the right to work, to own land and to live. They were massacred because the lands which they have occupied have always been seized by large landowners. This has primarily been the case in the northern strip and in El Peten, where the land has been reserved for top chiefs, politicians and large foreign enterprises. It has become a custom that when the land is ready to be sown, deceit, theft, threats, plundering, persecution, arson and murders appear. Subsequently, landowners keep taking over lands which have been worked by the peasants for many years. This was the reason for the killing of Quiche men, women and children. They have also repressed and killed peasants in El Peten, Nebaj, [name indistinct], (Chapul), Olopa, [name indistinct], Izabal, Chimaltenango, the southern coast and many other places.

2. On this fourth anniversary of the Panzos massacre, the FTG cannot ignore the many crimes and massacres against our brothers in the country's northwest. These crimes and massacres are carried out daily by assassins, whom the people already know. The situation has not changed any since October 1981. More than 500 people have been killed since 23 March in Parraxtut, El Pajarito and (Ichiquil), Chichicastenango, Chiche, Chinique, [name indistinct], (Coyaba), San Andres Sajcabaja, San Pedro Jocopilas, northern El Quiche and the outskirts of Huehuetenango. Some of these villages are now empty. Those who survived the massacres have left for other areas, or are hiding in the jungle and enduring many hardships.

Despite the fact that the government junta has been talking about human rights and the respect for the people, we are enraged to see that events betray their words. During the past few weeks, the number of massacres has been increasing, rather than declining.

We have learned through the media's daily reports about massacres committed against the defenseless people. In places such as Chimaltenango, El Quiche, Solola, Huehuetenango, Alta and Baja Verapaz, Zaragoza, San Luis Jilotepeque, La Virgen, Chicojón, (Tatalum), (Chipila), Agua Caliente in San José Pochil and in many other places, men, women and children are found beheaded or burned.

All of these repressive actions, in addition to the country's economic crisis, can only result in worsening the already difficult situation of the country's poorest sectors.

3. In view of this situation, the FTG issues a call to:

A. All labor, civic, student and religious organizations, associations and entities to report the campaign of extermination that is underway against our brothers in the rural areas, particularly in the country's northwest.

B. The working class to remain united to promote the necessary self-defense measures to protect our organizations and leaders.

C. Promote the necessary steps to report the massacres so that the peoples of the world learn about our country's situation and the heroic struggle of our people against those who exploit them, repress them and oppress them.

On this 29 May, the FTG expresses its moral and solidarity support for the people in the country's northwest, who are being massacred.

Let's put a stop to the massacre in the country's northwest!

Long live the memory of our quiches compañeros who were killed on 29 May 1978!

Determined to fight and determined to win!

CSO: 3010/1666

## BRIEFS

ARMED FORCES REPRESSION--The Guatemalan National Revolutionary Union has issued a communique which states that decisive conflicts are currently taking place between the Guatemalan people and the regime that is exploiting and repressing them. The communique also analyzes how the people have been drawn into the inevitable war, the regime's ever increasing repression and the need for international solidarity. It also denounces the extermination campaign against the Guatemalan population, which has left 1,500 victims in various incidents from 18 March to 2 May. The Guatemalan National Revolutionary Union's also denounced the murders of hundreds of peasants and the burning of over 200 houses in Chimaltenango department in April. The communique also reports that Josefinos, a village of approximately 600 families in Peten department, was destroyed. Further on, the communique says that from January to March 1982, the guerrilla forces have executed 31 persons, some 90 sabotage operations and have inflicted 44 casualties on the regime's army. On the other hand, the Guatemalan armed forces repressive campaign has claimed 12 more victims in Quiche and El Progreso departments. Finally the communique reports the kidnapping of eight secondary school students. [Text] [PA060158 Havana International Service in Spanish 1800 GMT 5 Jun 82]

NEW NEGOTIATIONS ON BELIZE--Guatemala will seek new negotiations for the definite solution of the problem of Belize, but on the basis of new agreements of understanding, since those that were signed by the former government were violated by Great Britain. Eduardo Castillo Arriola, the new Guatemalan foreign minister, made this statement to the media, adding that "our country's position on its rights over the disputed territory is firm." He added that the bases of understanding agreed to by Lucas Garcia's government are null and void, since they were rendered ineffective by Great Britain's noncompliance. According to a government statute, our government will maintain its claims and will seek new negotiations by which to solve the longstanding problem, but on new bases. Noting that we are seeking a just and dignified solution for our country, Foreign Minister Castillo Arriola added that meetings will be held to reach an understanding on Belize. Referring to Guatemala's foreign policy of recent years, Foreign Minister Castillo Arriola said that it was badly handled in that "it isolated Guatemala, which often assumed positions that were inappropriate at the time." [Excerpt] [PA062210 Guatemala City PRENSA LIBRE in Spanish 26 May 82 p 6]

NEW AMBASSADOR TO MEXICO--Former Guatemalan President Julio Cesar Mendez Montenegro reportedly assumed his post as Guatemalan ambassador to Mexico today at noon, after presenting his credentials to Mexican President Jose Lopez Portillo. [PA030130 Guatemala City Cadena de Emisoras Unidas in Spanish 0050 GMT 2 Jun 82 PA]

REPRESSION REPORTED--The Committee for the Defense of Human Rights in Central America has charged in San Jose that the present Guatemalan military regime has increased repression against the country's Indian community and is destroying their houses. As examples of these massacres, they mentioned those committed in La Virgen, [names indistinct] in March and April where soldiers of the regime have been especially cruel to the people, including women and children. This committee also noted that the military junta led by Gen Efraim Rios Montt is preparing a large repressive action against Indian villages in Huehuetenango in the country's northwest. Meanwhile, in a news conference held in Managua, Guatemalan newsman (Elias Barahona) has charged that his country's regime is implementing a U.S. project for the massive extermination of the peasant population. In just over 2 months, the government has ordered 29 massacres which have resulted in a death toll of more than 4,000. [Text] [PA281727 Havana International Service in Spanish 1600 GMT 28 May 82]

CSO: 3010/1666

## MARTINEZ VERDUGO ON SOLUTION TO POLITICAL CRISIS

Mexico City EXCELSIOR in Spanish 21 Apr 82 pp 4-A, 28A

[Article by Rogelio Hernandez L.]

[Text] Guadalajara, Jalisco, 20 Apr--"Participation by the majority is the way to solve the 'ominous' crisis that is threatening the entire political scene," asserted the presidential candidate of the PSUM [Unified Socialist Party of Mexico]. But he warned that in order to attain this it is "pressing and urgent" to radically change the system of relations between the government and private enterprise and between the government and workers and peasants.

Arnoldo Martinez Verdugo said that there was no external reason to hide the resounding crash coming from a form of capitalist growth that does not admit partial remedies. He asserted that in view of the refusal of the PRI [Institutional Revolutionary Party] and its candidate to publicly debate this situation, the PSUM will urge a debate among all the responsible political parties of the country.

In a press conference at which he was accompanied by the economists of his party, Martinez Verdugo asserted that "the severity of this crisis has been made obvious by the pathetic and shameful comedy engaged in by government and business in recent weeks and he cited the political irresponsibility of both.

He said that the way to solve the crisis is to redirect the economic policies of the government; the subjection of the state-run enterprises to effective discipline; changing the corrupt and wasteful system of government support for private enterprise; and above all, permitting democracy in the social and labor organizations and real participation by the legislative bodies. He stated that these measures, among others, should be immediate, and he also explained that the long-range plan proposed by his party does not attempt to eliminate or curtail the development of private enterprise. He implied that this sector should be the object of a realignment.

With the presentation of a document that sets forth an analysis of the economic situation and by his conversation with the press, Martinez Verdugo this morning opened the second day of campaigning in the region of greatest importance in the country after the Valley of Mexico.

## Opinions of Martinez Verdugo

Throughout this conversation the presidential candidate made the following points, among others:

--To think that it is possible to undertake important transformations today from the ivory tower is like trying to forget that everything in government and the bourgeoisie militates today against those projects, no matter how bland they may be.

--Even reform programs as limited as those announced last Saturday by the PRI candidate lack political viability in view of the preeminence of the interests of the most reactionary financial sectors and their presence within the governing group.

--"We maintain that economic and financial relations between the government and business must be totally revamped. The resources of the government must have a different function than that which has predominated until now." And we are not considering the need for nor do we desire a completely nationalized economy.

--"We do maintain that the nationalization of basic industries, the reorganization of state enterprises, and a move toward forms of production of a collective nature with real social control comprise the basic pillars of a new economic course."

9015

CSO: 3010/1518

## ALFA INDUSTRIAL GROUP IN CRISIS

Mexico City PROCESO in Spanish 3 May 82 pp 22-23

[Article by Juan Antonio Zuniga]

[Text] Caught up in the general crisis of the economy, with liquidity problems and a foreign debt estimated at \$2.25 billion, the Alfa Industrial Group began the sell-off of its companies so as to limit as far as possible the losses caused by ballooning growth based on borrowing.

In the midst of a climate characterized by pressures from its foreign creditors, by the reticence of the government to acquire other companies of the consortium, and by the refusal of the National Securities Commission to authorize the issuance of commercial paper for the purpose of obtaining immediate resources, Alfa decided to retreat to the field of endeavor which gave it its origin: steel. Thus, on Thursday, 29 April, it opened a new special steels plant in Tlaxcala.

In his role as president of the board at Alfa, Bernardo Garza Sada combined his activities as an industrial executive with that of merchant to negotiate again with Banobras for the sale of 13 of the 156 companies that make up the consortium.

Previously, Alfa had completed the sale of 74,125 shares of Televisa, representing 25 percent of that company's outstanding stock.

The book value of these shares was almost 596 million pesos.

However, in order to cover its short-term foreign debt, Alfa had to obtain 30,544,000 pesos inside of 3 months. With the sale of its shares in Televisa, it only needed to obtain 29,948,000,000 pesos. Thus the sell-off continued.

It was expected that the operation involving the acquisition by Banobras of 13 companies from the consortium for approximately 10 billion pesos would be closed by Wednesday morning, April 28, but the deal was not completed.

In expectation of encountering difficulties in obtaining funds to cover its debts, Alfa cabled its creditors in the United States to advise them it was suspending payments.

Meanwhile, Alfa shares fell to their lowest point on the Mexican stock market to 5.60 pesos, despite the fact book value is 115.82 pesos.



The legal director of the National Securities Commission, Eduardo Amerena, explained that the severe drop in the price of Alfa shares was caused by a technical move called "split" by which "a company increases the marketability of its shares by reducing their nominal value."

In commenting on the case of the consortium, which was the third largest firm in Mexico, Amerena emphasized that the fall in the price of Alfa shares coincided with the general market trend, although he admitted that "if one compares the initial opening price of the stock with its value today, the latter is low."

The total indebtedness of Alfa at the beginning of 1982 was estimated at \$3 billion. Seventy-five percent of this was in U.S. dollars. As a result of the shift in the exchange rate of last 18 February, the consortium's debt in domestic currency rose to 103.5 billion pesos.

At the end of last year Alfa's assets had risen to 125 billion pesos; although they should be revaluated as a result of the devaluation, its liabilities are still over 50 percent more than its capital base.

On 27 April THE WALL STREET JOURNAL reported that Alfa had suspended payments on its short and long-term foreign debt. Exceptions were the payments to Eximbank, the debts subsidized by the government, and the public debts.

The report in the New York paper was based on the cable the Alfa Industrial Group sent its creditors abroad in which it explained that the payments suspension was decided on "in view of its difficult cash reserves situation looming in the coming months."

The payments suspension may have been extended temporarily to Friday, 30 April, when the directors of the Nuevo Leon group were to meet with bank representatives in Houston, Texas, to renegotiate its foreign debt.

Among Alfa's creditors are Citibank of New York, which, according to unconfirmed reports, has attached a building belonging to the consortium which had been mortgaged.

Added to the problems with its foreign creditors are the labor disputes in Alfa's Acermex and Carabela companies, where workers have been on strike for 4 months; these strikes will probably be settled by the liquidation, as happened with Philco and its 250 workers.

Among the causes behind the "partial collapse" of the Alfa Industrial Group, one of the most important was precisely the financing costs, including, of course, payments to domestic and foreign banks.

In this regard, the firm's official report of June, 1981, reveals that total gross revenues were 29,922,000,000 pesos, almost 50 percent above those reported the previous year.

Profits from operations rose to 4,631,000,000 pesos--600 million pesos more than that reported in June, 1980--but financing costs undermined the results achieved by managerial efficiency and worker productivity.

These financing costs reached 3.9 billion pesos, double those reported in June, 1980. Alfa had encountered problems with a badly planned expansion program, thus putting into question management's capability. The result was a drop of 50 percent in profits, and the group's market performance followed the course of the peso for the rest of the economy.

Banobras came to the rescue. It approved a line of credit of 7 billion pesos or its equivalent in dollars for the consortium and it acquired stock in some of its companies for 5 billion pesos.

Still, towards the end of 1980 Alfa's liabilities, both short and long-term, in dollars alone--it has debts in 10 different currencies--was close to 1,344,000,000 pesos. While still heavy, those commitments did not represent too great a risk. Oil exports were rising, and the country was near the end of the consolidation stage.

With these expectations Alfa increased its indebtedness by a billion dollars, principally with U.S. banks, such as the Citibank and the Continental Illinois National Bank & Trust Company of Chicago, which it owes over \$100 million combined.

Other Alfa creditors are Chase Manhattan Bank, Manufacturers Hanover Trust, Swiss Credit Bank, Morgan Guaranty Trust Company, and Barclays Bank.

The decision to temporarily suspend payments to creditors on its short-term foreign debts has created an atmosphere of tension. Bank representatives, headed by Chase Manhattan, warned that "each day that passes makes it more difficult for Alfa to meet its principal payments," according to a report of 29 April in the FINANCIAL TIMES of London.

If it is considered that the total value of Alfa shares is \$5 billion, approximately, and that its debt is \$2.25 billion, it can be said that the consortium owes practically half its worth.

Alfa's debt to Eximbank is close to \$260 million and was acquired as part of a package especially financed by Banobras so that the group could meet its immediate obligations, the London paper stated.

Among the actions taken by Alfa to solve its liquidity problems are the issuance of "commercial paper," with which it obtained 500 million pesos. "Paper currency" is a market instrument by which issuing companies eliminate banks that normally act as middlemen, and by paying interest at the rate of 42 percent, they obtain funds immediately.

But that recourse was vetoed by the National Securities Commission because Alfa does not offer adequate guarantees to investors at present for their investment, according to the legal director of that institution, Eduardo Amerena.

In 7 years Alfa had expanded from 4 to 156 companies, from 34 billion to 125 billion pesos in outstanding stock, and it provided direct or indirect employment to 60,000 workers. With its original prospects for the future in reverse, Alfa is now in retreat.

Long gone is the time when it helped finance the Basilica of Guadalupe, the Tamayo Museum, the Theater of the City of Monterrey, and the Monterrey Planetarium.

The situation of Alfa is symptomatic of the general crisis of the Mexican economy.

9015  
CSO: 3010/1518

## RISE, FALL OF ALFA GROUP RECOUNTED

## Harsh Impact on Monterrey

Mexico City PROCESO in Spanish 17 May 82 pp 6-13

[Article by Francisco Ortiz Pinchetti: "The Government's Crisis Is Related to the Failure of Its Associate Alfa"]

[Text] Monterrey--It was a sharp blow. All of a sudden, the dreams of grandeur vanished. The prosperity ended: Alfa, the Monterrey industrial giant, crumbled, tottered and fell.

And Monterrey was shaken.

"Lack of liquidity," the technicians diagnosed. Alfa was exhausted with its dollar debt (in which it vested an explosive, unprecedented growth, moving from 12 to 157 branch companies in 6 years), and it had to curtail. More than that, it had to retrogress: selling companies, dismissing personnel, cutting expenses, renegotiating loans and cutting back activities.

Allies, partners and friends in the fleeting prosperity, government and businessmen are now sharing the effects of (and the blame for) the economic collapse.

The complete symbol of it is the Plaza Monterrey, the luxurious urban development project proposed by Bernardo Garza Sada, which Governor Alfonso Martinez Dominguez accepted as a leading accomplishment of his term. It was to be the mark of greatness and prosperity. Now it is only one of failure.

Government and businessmen planned to invest 25 billion pesos in the great Plaza. Over an expanse of 400,000 square meters (30 blocks), dug out by force in the center of the city, there would be combined the government buildings and the towers of the large industrial, commercial and financial corporations of Monterrey, which would purchase property there. However, the collapse halted the project when the controversial demolition of the 424 premises located in the area was about to end.

Alfa had already withdrawn.

The consortium headed by Bernardo Garza Sada had committed itself to purchasing a complete block, in which it planned to build a very luxurious corporate center. In view of its crisis, it cancelled the purchase.

"Our sales have stopped," admitted Serapio Raul Leal, administrative director of Prouibe, the state government agency responsible for the Plaza Monterrey project. A year after the latter had been started, only 20 percent of the area allocated for business establishment buildings was sold.

But the "bankruptcy" of Alfa has had other far more serious effects in Monterrey: a widespread economic recession and the massive layoff of workers, in addition to the psychological impact that the business crisis has caused for the proud Monterreyans.

#### Capital of the Capital

Only 2 years ago, no one could have imagined such a resounding collapse here. Then, Alfa was synonymous with success, dynamism and preeminence. Encouraged, protected and backed by the federal government, closely allied with the state government, the consortium was participating actively as head of the Mexican business sector in the construction of that oil country which was reaching the threshold of abundance.

That is why the blow was sharp.

The Alfa Industrial Group came into existence in 1974, when the members of the Garza Sada clan decided to divide the companies of the already powerful Monterrey Group into four.

Alfa, headed by Bernardo Garza Sada, kept the most dynamic of the family enterprises, Tin Plate and Sheet Metal, Inc (HYLSA), Titan Cardboard Packing, Inc, Televisa (25 percent) and six other small companies.

HYLSA was already a very powerful company. This firm was founded by the Garza Sadas in 1943, with capital of 3 million pesos. In 1974, when it became the heart of Alfa, it had capital of nearly 7 billion pesos, and was the leading private steel producer in the country.

During the first 2 years of its existence (which coincided with the last 2 years of Luis Echeverria Alvarez' 6-year presidential term), Alfa underwent a slow, moderate growth, hampered by the verbal clash between the entrepreneurial clan and the president of the republic and, in 1976, by the devaluation of the peso.

But during that same year of devaluation (precipitated, according to Luis Echeverria Alvarez, by the flight of business capital), things began to change. As the government and businessmen put it, the arrival of Jose Lopez Portillo in the presidency represented a "restoration of confidence."

The Alliance for Production proposed by JLP had its most complete reflection in Monterrey. The university researcher, Abraham Nuncio Limon, director of the Labor Movement Office of Research and Dissemination, Inc (OIDMO), remarks: "On the basis of that pact, there occurred an almost conjugal closeness between the federal government and the Monterrey businessmen."

In a research work on the Monterrey Group that is about to be published, Nuncio Limon notes that the businessmen had "checked the king" in the latter part of the Echeverria term with an enormous exporting of capital. "Those who set the terms, transcending one man or one 6-year term, were the ones who could exchange their fortunes in national currency for dollars and deposit them in Texas banks."

The OIDMO director adds: "The terms were made explicit in the pact (but) it began to be designed when Lopez Portillo, in his capacity as candidate for the presidency, met with the hooded claimants of Chipinque. The effects of such terms were to be of great scope."

In fact, as Ricardo Cinta, a researcher at El Colegio de Mexico, remarked, Echeverria's anti-business rhetoric "which was not accompanied by concrete action," bolstered the Monterrey businessmen: "They acquired an awareness of their power and became better organized."

When the alliance with JLP had been made, in 1977 there occurred the spectacular takeoff of the Alfa group. Its stocks increased, its investments increased and its profits increased; it invested jointly with the state, became associated with multinationals and purchased groups of business firms.

Since the Mexican financing system was incapable of providing it with the funds needed for its growth, Alfa resorted to foreign banks, mainly those of the United States, demanding loans, which it procured at that time at interest lower than the national rate.

In early 1978, the consortium already had over 30 firms. It had abandoned the cautious policy of vertical integration of companies, which was traditional and typical of the Monterrey Group, and diversified, so as to participate in more and more branches of industry: iron and steel, paper, packaging, communications, electronics, fishing, tourism, mining, chemicals and petrochemicals and real estate.

Only one relative obstacle was upsetting its development locally: the Nuevo Leon government was still in the hands of a governor inherited from the Echeverria administration, Pedro Zorrilla Martinez. The businessmen declared a war without quarter against him, and went so far as to use derision.

Zorrilla Martinez was attempting to maintain a timidly populist policy, and the businessmen accused him of fostering labor organization and dissatisfaction, and therefore creating a labor atmosphere of "lack of confidence."

Everything was settled upon the arrival of Alfonso Martinez Dominguez in the governorship, in September 1979. A politician of the old type with a hard hand, annoyed to the core with Echeverria (who had blamed him for the slaughter of 10 June 1971), Martinez Dominguez was the man that the business owners needed; and they did not conceal their gratification nor their joy.

In June 1980, the then director of the Management Center of Nuevo Leon, Eduardo Hovelman Pena, stated: "With Martinez Dominguez, there has been a restoration



here of order and harmony, factors essential for investment and work" (PROCESO No 188).

### The Reign of the 'Alfos'

To structure its growth, Alfa grouped its companies into three major divisions: Alfa-Steel, Alfa-Paper and Packaging and Alfa-Industries; which also brought about spectacular growth in its administrative apparatus and promoted a relative decentralization.

In his report for 1979, Bernardo Garza Sada could not have been more optimistic about the future of the country, and hence of the consortium headed by him.

He predicted: "The circumstances will be favorable for us. The country is undergoing a period of obvious economic expansion, backed by the dynamism of investment and the strength of the external position. Something similar could be said of but few nations, at the agitated and troubled beginning of the 1980's."

Alfa shared the government's triumphalism. Mexico was a spoiled, happy child, playing as it pleased in a splashing pool filled with oil, on which petrodollars were beginning to rain.

According to that 1979 report, Alfa's total shares amounted to 53 billion pesos, its sales exceeded 30 billion and its profits were more than 3 billion that year. Its nearly 100 firms were giving employment to 33,000 persons.

It was the boom, a boom reflected not only in its industrial and financial dynamism, but also in the explosive growth of its technical and administrative "staff," in the luxury of its corporate buildings, and in the preeminence of its high-ranking executives, to whom the world appeared too small for their ambitions and who enjoyed salaries, benefits and facilities exceeding those of any other native or even American business firm.

In the popular Monterrey jargon, they were the "Alfos": the members of the group, whose salaries in 1981 ranged between 70,000 and 400,000 pesos per months, and whose benefits included bonuses of between 1 and 1.5 million pesos for the education of their children abroad, the indiscriminate use of the 12 executive jets owned by the consortium and paid vacations at Las Hadas, its hotel in Manzanillo.

"We were really a privileged elite," remarks Lorenzo Montemayor Cardenas who, until 4 months ago, held a medium level position in the corporation. "My salary was 110,000 pesos per month when I was dismissed. That afforded me a rather high living standard: my own house, three cars for the family, [words missing] in Europe...In addition, I enjoyed wonderful benefits. For example, when I had to take a trip of over 3 days for business reasons, Alfa also paid the travel expenses for my wife, if she wanted to accompany me."

The world of ALFA was the best of all possible worlds for its executives: recreational centers, casinos, travel, studies abroad, social prominence, influence with local and state authorities, virtually unlimited representation expenses, power, fine clothes, fine cars, and a bright future.



At what price?

"In Monterrey, Alfa caused a serious distortion in prices," claims Jesus Ramones Saldana, of the Economic Research Center of the Autonomous University of Nuevo Leon. "The salaries paid to its executives and employees forced other firms to raise theirs, so as not to lose their personnel. And that led to the bankruptcy of many small companies."

Nothing mattered; everything was permissible.

Alfa even broke the groundrules established among the Monterrey industrial groups. Businessmen close to the Garza Sada clan remark with annoyance: "It engaged in pirating executives, the best ones from other companies. This had never happened before." And Alfa even did this to firms of the other family groups.

The boom of the leading private corporate group in the country also had a negative effect internally: It triggered ambitions and competition among its own executives, which led to a gradual internal deterioration. They concealed information from one another, lied to each other, disguised or minimized problems and put off solutions.

In the end, this would be one of the elements affecting the collapse of the giant.

But in 1980, to Bernardo Garza Sada, it was "a human community whose commitment is dedication to work for the benefit of all."

Obviously, labor disputes did not fit into that happy world. To avoid them, Alfa followed the old formula of the Garza Sadas: paternalism, company unions and government protection.

The efforts of the CTM [Confederation of Mexican Workers] and other labor federations to penetrate the group's companies, protected by the state and federal labor authorities, were useless. Nuevo Leon is the only state in the country wherein Fidel Velazquez' followers are in the minority. Here, the hegemony is held by the National Federation of Independent Unions, the "company" federation created and controlled by the business owners, which includes 70 percent of Monterrey workers.

Fidel Velazquez does have his statue here, erected at the initiative of Governor Martinez Dominguez, the business owners' friend.

#### Full Support

The Alfa expansion was possible thanks to the resolute government support that it received. The consortium was invited to participate in sectors with high national priority, and received tax incentives, subsidies and financial backing to head the private sector in the country's industrialization.

For its growth, it took advantage of the tax benefits which allowed it to be regarded as a "development company," thanks to the decree issued by its hated antagonist, Luis Echeverria, in 1973. In view of its very heavy investments,

Alfa managed to reduce its tax rates from the normal 50 percent to between 17 and 19 percent.

Purchasing companies in difficult financial straits enabled it to save on taxes that it would have had to pay on its successful companies.

Moreover, the increment in assets resulting from the creation or purchase of firms was reinforced, during a heavily inflationary period, by asset revaluations that enabled Alfa to increase its resources admitted for accounting purposes. In other words, owing to inflation, its companies were worth more; and this, in turn, allowed it to contract long-term loans, bond issues and other action aimed at maintaining its financial structure.

In 1980, the industrial empire reached its peak.

Alfa was now the leading private company in Latin America, and one of the 500 most powerful in the world.

In that year, its assets amounted to 91 billion pesos, its sales, 42 billion, and its profits, 3.7 billion. It gave employment to nearly 50,000 workers.

It then had 157 subsidiary firms which, combined, had sold nearly double the amount of ICA (Associated Civil Engineers), its closest competitor among the large Mexican consortiums.

The growth was impressive: In 6 years (from 1974 to 1980), its assets had increased 1,169 percent, its sales, 959 percent and its profits, 796 percent.

It had companies in 18 states of the republic. It had become associated with multinational firms in at least 14 of its companies. It had bought the 50 food companies of the Brenner group (FUD) for 5 billion pesos. Now, Alfa also had ranches, cold-storage plants and packing plants.

In that year, the consortium concentrated 22 percent of the national basic steel production, 31 percent of the flat steel and 23 percent of the non-flat steel; as well as 35 percent of the national tractor production, 25 percent of the electric motors and 10 percent of the synthetic fibers, and also 50 percent of the molded cellulose.

Its debt amounted to 52 billion pesos, but the figure did not disturb its high-ranking executives at that time.

Everything was promising: Internally, the industrial giant's relations with the government could not have been better. From the alliance, it had moved to a personal friendship between Bernardo Garza Sada and Jose Lopez Portillo, shown in the invitations tendered to the president to rest at Alfa's tourist development in Colima. The oil "boom" augured abundance for a country which had been placed in the service of the consortium for its unlimited expansion.

Externally, the imminent arrival of the Republican, Ronald Reagan, in the White House caused anticipation of a policy of unrestricted support for private enterprise in the United States, and hence the offer of cheap credit.

But, what do you know? Mr Reagan reached the presidency (along with 1981), and enacted a policy of austerity aimed at recovering the impaired strength of the United States economy. Money became scarce and expensive. Interest rates rose. And the Mexican industrial giant felt the first spasms. It shook and trembled.

### The Collapse

Alfa gently stepped on the brake.

"The accelerated rate of productive investment achieved by the private sector during the past 4 years (remarked Garza Sada in July 1981) would not have been possible without access to both native and foreign lendable funds. But this financing has become expensive now, as a result of the rise in interest rates."

He added: "Understandably, the marginal investment plans have become unaffordable in the process. This is disturbing, but many companies have classified their costs and adopted stringent savings measures. By so doing, they have postponed only what is secondary and eliminated what is essential. In exchange, they have maintained the viability of growth."

The initial drop in the price of oil had just occurred also, and Mexico was awakening, with alarm, from the dream of abundance.

Alfa adopted measures to eliminate "the essentials." It began to lay off employees and executives. By the end of 1981, it had dismissed at least 2,000 executives. To do so, it had to pay compensation amounting to about 750 million pesos, but that represented a savings of 2.375 billion pesos in salaries for it.

But the federal government, despite the fact that it was confronted with the collapse of the national financial structure, did not leave its ally alone at such a critical moment: Through Banobras, it granted Alfa 12 billion pesos in financing, 5 billion of it through the purchase of preferred stock.

This action (learned by the public owing to an "indiscretion," according to a comment made by Diego Sada to his close associates) caused a controversy that seemed to be turning into a scandal, but that the government surmounted without major problems.

To justify the decision, Banobras argued that its nature as a multiple bank allowed it to grant the loan to Alfa, which was depicted to it as a solvent, dynamic consortium.

However, the affair triggered a heated debate in the Chamber of Deputies, when Deputy Carlos Sanchez Cardenas, of the Leftist Coalition, proposed an investigation of the matter from the platform on 3 November.

Legislators of the opposition claimed the illegality of the loan, because, according to the rules of the National Banking Commission, Banobras could not grant credit to a juristic person amounting to over 690 million pesos.

The case was turned over to the Finance Commission of the Chamber itself. On 24 November, it released its report: The credit granted to Alfa was "in adherence to the law and in accordance with normal banking practices," and agreed upon "at strictly commercial interest rates without any preferential aspect."

A solution had been sought: The Commission said that the loan would be distributed among the Alfa Group's six sub-groups, and in this way it would be possible to grant it this sizable financing.

It was later learned that, on that very day, an hour before the report was made known, Alfa and Banobras had signed the loan.

In his appearance in the Chamber of Deputies the following day, the secretary of finance, David Ibarra, defended the government's decision, and repeatedly justified the granting of the loan.

Alfa received the 12 billion pesos, to use as aspirin for easing its critical financial situation; but the affair did not end there:

The Social Democratic Party which, a month before, had asked for an investigation of Alfa on the presumption of a "fraudulent bankruptcy" which would affect thousands of investors holding shares in the consortium, filed a complaint with the Office of the Attorney General of the Republic on 18 November against the Alfa group and against those responsible for the loan granted it by Banobras.

In its formal complaint, submitted by Luis Sanchez Aguilar, the party's president, the PSD charged "criminal actions committed to the detriment of the nation's assets and those of the people in general" by the Alfa industrial group, Bernardo Garza Sada, Jesus Guzman and 10 other board members of the consortium, and "as co-defendants" the director of Banobras, Octavio A. Hernandez; and the chairmen of the Securities Commission, the National Banking Commission and the Stock Exchange, "and the one or ones who prove to be liable."

The crimes charged by the PSD were: treason to the nation, abuse of authority, coalition of public employees and fraud.

Nevertheless, their claim has not succeeded thus far.

Alfa's current situation, one of obvious crisis, has given the PSD new arguments for insisting on its accusations.

"The serious part is not that a company has failed, but that its associates in the government should not give it the people's money," comments Porfirio Diaz Trevino, national vice-president of the PSD and candidate for deputy representing the sixth district of Nuevo Leon.

He claims that Banobras requested a loan from 10 foreign banks amounting to \$1 billion dollars for social projects, but that it used \$800 million of that amount for its loan to Alfa.

He says: "The government lent in dollars and will pay it in pesos." Diaz Trevino adds: "With the devaluation, Mexico lost over 8 billion pesos in this transaction."

And he cautioned: "In view of the crisis admitted by Alfa, there is an urgent need for seizure of, or intervention in its assets, to guarantee at least the payment of its debt. It is imperative that the government explain what is going on in Mexico."

Alfa used the Banobras loan to pay the interest on its debt to the foreign banks; but it had to adopt other measures in an attempt to avoid financial collapse.

Last December, it was learned that Alfa had decided to withdraw from basic petrochemicals. In doing so, it left unfinished a petrochemical complex in which it had pledged to invest over 2.3 billion pesos. It thereby gave up the exclusive right that the federal government had granted it to process 15 petrochemical products.

The recession was already present.

The Confession from Houston

The devaluation of the peso last February was the coup de grace. Alfa owed over 76 billion pesos in dollars, nearly half the value of its assets. By 1982, the consortium's debt would reach 142.8 billion pesos.

Confronted with this situation, Alfa gathered in Houston, Texas, the representatives of 164 international banking institutions to which it was indebted, headed by City Bank, Continental, the Illinois National Bank and Chase Manhattan.

There, on 30 April of this year, Rafael R. Paez, current general manager of the corporation, submitted to its creditors a 60-page report in which Alfa's financial collapse was detailed.

Paez reported that, in all, during 1981 the consortium had losses amounting to 5.86 billion pesos. Only four of its companies (HYLSA, Petrocel, Akra and Polioles) registered combined profits of 2.68 billion pesos; but Casolar, PAM, Centauro, Fud, POM, Megatek, Titan and all the rest had losses totaling 8.54 billion pesos.

Moreover, Alfa requires 20 billion pesos this year to meet its financial commitments alone. The only solution was to dismantle the giant.

It has already been done; according to the report from Houston, Alfa has laid off and liquidated 4,300 employees, and it has implemented a "contingency plan" to cut the administrative costs from 12 percent of the sales in 1981 to 8 percent in 1982.

Paez told the bankers: "We have cut our corporate staff and I uphold my decision to continue monitoring the implementation of my policy to reduce the level of our administrative costs. I am not yet satisfied with what has been achieved."

He then gave notice that reducing the corporate staff "in fact represents a change not only in our organization, but also in the way we operate. We cannot move very hastily without affecting what we have; but there is no doubt that we are acting as quickly as we can."



The Alfa general manager admitted that the consortium's diversification program "unquestionably created control vacuums," and announced that the group was returning "to the traditional ways of doing business, which have proven their success over the past 25 years."

The other part of the dismantling is a sale of companies: according to Paez' statement to the foreign bankers, 20 percent of the group's total assets. Based upon his report, Alfa expects to sell companies priced at from 25 to 30 billion pesos in 1982.

For the present, he acknowledged the first sales: Vistar, Electric Power, Mexican Industrial Corporation, Televisa and Acermex, as well as the closing of Philco and negotiations for the sale of the Las Hadas Hotel (the transaction has already been carried out: the Marriott chain was the purchaser).

Paez announced as additional measures the reduction of costs and the increase in prices of its products.

Finally, he cited the suspension of capital payments to its creditors for a period of 90 days, and the renegotiation of its long-term debt.

Far removed from the triumphalism of only a year ago, the Alfa general manager made this diagnosis of the national situation:

"We are in the midst of an unstable economic environment, manifested by an unfavorable trend in the price of oil, pressures on supply from demand, severe inflationary pressures and an unmanageable commercial deficit.

"The economic conditions have become more adverse and uncertain. The inflation rate has virtually doubled becoming nearly 60 percent for the year; the exchange rate will be adapted to the new conditions (it is anticipated that the dollar quotation at the year's end will be 52 pesos), interests rates will rise, economic activity will suffer and, consequently, the demand for our products will decline.

"It is in this environment that we shall attempt to perform the difficult job of recovering our financial confidence, reducing our cash deficit to the maximum extent."

#### Alfa Has Dragged Monterrey in Its Downfall

Alfa had a "failure" and all of Monterrey felt the consequences: projects halted, increased unemployment ( it is estimated that the layoffs of Alfa employees and workers will soon reach 10,000), lack of confidence and widespread recession.

The director of Prourebe, Serapio Raul Leal, comments: "The situation is such that an apparently unprecedented phenomenon is occurring in Monterrey: a reduction in the price of urban land."

The Alfa executives, now unemployed (or engaged by other firms, at considerably lower salaries) have to sell their houses, and cars, and give up their luxuries.

In the Del Valle residential development, the price of land has dropped an average of 1,000 pesos per square meter during the past 2 months.

There is now a proliferation of the offices of business "consultants" and "advisers" set up by Alfa's former executives.

Many, such as Montemayor Cardenas, have to emigrate. For example, he is ready to move to Puebla, where he obtained an important position, but in which he will earn 35,000 pesos less than he was earning at Alfa 4 months ago.

The consortium has decided to sell its fleet of jets. It had just received seven new planes, which it bought for \$28 million. That, along with many other things, has ended.

The consortium has also had a setback in its cultural activity. For the past 3 years, Alfa had promoted various cultural activities in Monterrey, and built its Cultural Center, an ultramodern planetarium and technological museum in which it invested 200 million pesos.

Now, it has decided to close its Promotion of the Arts, Inc, a painting gallery in downtown Monterrey, and has cut in half its annual contribution to the Cultural Center.

The Center's director, Guillermo Shmidhuber, says: "Our situation is really difficult." The contribution from Alfa, in view of its situation, "can no longer be so generous. It reduced it 50 percent, but we are attempting to weather the storm. We have set up a store and a cafeteria, and we have put on a splendid children's theater performance. With this and other things we are attempting to achieve self-sufficiency."

Shmidhuber trusts that the Cultural Center (which has just received its millionth visitor) will be able to survive. "Of course, we need a great deal of ingenuity and many savings, but we are counting on the support of the community."

Nothing better symbolizes the situation caused by the collapse of Alfa than the Plaza Monterrey. The project was in fact an idea of Bernardo Garza Sada, who was advised by urban planners from the United States, and then it was suggested to Martinez Dominguez.

The governor put up with a broadside of criticism, and disregarded the challengers of the project. A year ago, there began the demolition of the 20 blocks (which contained houses, businesses, buildings, hotels, and movie theaters) to be occupied by the "macro-plaza."

As Leal reports, thus far the Nuevo Leon government has spent 1.65 billion pesos on the purchase of the property and the compensation for the merchants and residents affected. It will have to spend another 3.6 billion on infrastructural projects and services.

When it was announced, Martinez Dominguez gave assurance that the project would be self-financing, through the sale of land to the participating companies.



However, it so happens that the sales have been established and only a fifth of the salable area, consisting of 100,000 square meters, has been negotiated. The current sales price is 50,000 pesos per square meter.

But Alfa, the promoter of the project, has retracted, and will not purchase the block that it had broken up.

Of the enormous esplanade, now almost totally "clear" of buildings, there remains the wreckage of the last construction that was razed: it is a monument to the failure.

And in the latter, the government and businessmen go hand in hand, just as they did in the triumphalism and abundance.

#### Traditional Rules Broken

Mexico City PROCESO in Spanish 17 May 82 pp 8-10

[Article by Francisco Ortiz Pinchetti: "With Alfa, Garza Sada Broke the Rules Which Created the Family's Industrial Empire"]

[Text] Monterrey--Upon making an explosive diversification of the areas of activity of the Alfa Group, and joint investments with the government, Bernardo Garza Sada definitely broke the traditional rules that had enabled his family to construct, slowly but surely, an industrial empire during a period of over 80 years.

Perhaps now (in the solitude and immense luxury of his bunker), he regrets such daring. The fact is that Alfa has now decided to return to the traditional structure of the Garza Sada clan's business as one of the measures aimed at saving the now battered corporation.

It was precisely Bernardo's entrepreneurial daring that led him to serious confrontations with his relatives, especially his cousin, Eugenio Garza Laguerre, a conservative, cautious businessman, reluctant toward relations with the state and a strong critic of the latter's intervention in the economy.

Their differences became evident from the time when the industrial family clan was still headed by Eugenio Garza Sada (Eugenio's father and Bernardo's uncle), who was assassinated by urban guerrillas in September 1973.

Upon the patriarch's death, the positions of the heirs became radicalized and eventually resulted, in 1974, in a friendly distribution of the family firms into four industrial groups: Visa, headed by Eugenio Garza Laguerre; Alfa, with Bernardo Garza Sada; Cydsa, with Andres Marcelo Sada Zambrano; and Fisca (now Vitro), with Adrian Sada Trevino.

Then there began a new phase in the history of this remarkable Monterrey family which owns inestimable fortunes; a history which had its beginnings in the middle of the last century, when the ancestors of its present members started accumulating wealth. How did they do it?

In a meticulous investigation based primarily on the notarial books of the Nuevo Leon general records, the Argentine sociologist and historian, Mario Cerutti, found the direct ancestors of the Garza Sadas in a group of 10 families whose prominence was notable as early as the end of the century.

According to Cerutti, the fortunes of those families originated in the mechanisms for accumulation typical of the 19th century Latin American bourgeoisie: "the multiplication of capital by means of legal and illegal (contraband) commerce, speculation with government bonds, the use of political connections to operate more smoothly with customs and international trade, the lending of money at high interest, the acquisition of land from which the Indians were expelled and the sale of such land, or its exploitation."

The 10 families selected by Cerutti for his study ("Bourgeoisie and Capitalism in Monterrey: 1850-1910") were the following: Armendariz, Belden, Calderon, Muguerza, Ferrara, Hernandez-Mendirichaga, Madero, Milmo, Rivero, Sada-Muguerza-Garza and Zambrano.

The researcher found that all of them were major landholders in Nuevo Leon, Coahuila, Tamaulipas, Durango, Sonora and other northern states. The Sada-Muguerza-Garzas, ancestors of the Garza Sadas, were also cattle raisers. At the end of the century, they owned 160,000 hectares in the Mapimi bolson, in Durango, where they operated their Sierra Mojada Livestock Company, Inc.

An historic event was to be a determining factor for the prosperity of those incipient landholding and merchant families: With the annexation of Texas to the United States in 1848, the border remained only 200 kilometers from Monterrey. This spurred on their commercial activity and afforded them another lucrative opportunity: contraband.

The American Civil War (1861-1865) was another important element. The northeastern part of the Mexican Republic became a natural supply territory for the Southern states and the Monterrey merchants took full advantage of the opportunity.

Cerutti found that, despite the large size of their fortunes, the aforementioned families made no productive investment before 1890. He differs from other experts who attribute this to a "lack of entrepreneurial vision" and gives this explanation:

"With a weak, disconnected domestic market, with an international economy which had not yet succeeded in shaping the needs that would emerge when the monopolistic phase of capitalism was reached, with a widespread political instability in the country and the region, and with the Indian rebellion in the north, closing the roads to those who should have been circulating goods and labor, how could they start investing in mass production of manufactured goods that would require safe, expanding markets, efficient communications and workers who could migrate freely and quickly?"

In other words, they were skillful but cautious entrepreneurs, a trait to which the Garza Sadas would bear witness through the years.

During the final part of the last century and the early years of the current one, the business owners of Monterrey had their first great political ally in Governor Bernardo Reyes. In fact, Reyes steadfastly promoted the establishment and flourishing of the first industries. His first measure, in 1889, was a 20-year tax exemption for the manufacturers. Before 1900, the 10 families studied by Cerutti alone had created over 20 companies (in many instances with mutual participation by several of them).

The industrial history of the Garza Sadas began on 5 May 1891, with the founding of the Cuauhtemoc Brewery. Its initial capital was 150,000 pesos. The founding partners were Jose Calderon, Isaac Garza Muguerza, Jose Calderon Jr, Jose M. Muguerza and Francisco G. Sada.

Cuauhtemoc came into being (encouraged by the tax exemption) from the merger of two small breweries: the Casa Calderon and the Monterrey Brewery.

Isaac Garza, one of the founders of Cuauhtemoc, married Consuelo Sada Muguerza; they were the parents of Eugenio, Roberto and Isaac Garza Sada, and of six daughters.

The brewery had immediate success, and soon became an economic pillar of a nascent industrial commercial center. Between the founding of Cuauhtemoc and 1905, the Sada-Muguerza-Sadas participated, along with one or more of the other families mentioned, in the founding of 13 different companies (mainly mining companies), including the Monterrey Mercantile Bank.

Soon, the first Garza Sadas bolstered their industrial development in a more individual manner, always based on the brewery. In 1909, they adopted another one of their leading features: the vertical integration of their business firms. In fact, during that year they founded the Monterrey Glass company, for the purpose of manufacturing the bottles for their beer.

Then the revolution broke out. In 1914, they met with an obstacle. The family had become related by marriage to Gen Enrique Gorostieta, who was secretary of finance and justice under Victoriano Huerta. And when the Carranza-backing Gen Pablo Gonzalez seized Monterrey, he decided to expropriate their brewery as revenge for their relations with Huerta.

The Garza Sadas fled to the United States, where they stayed for 2 years. That was the first time that they used the neighboring country as a shelter; they would do so many more times, through the transfer of their capital, during the course of their history.

In 1916, the Cuauhtemoc Brewery was restored to them, intact and operating. They started the industrial takeoff again at that time. The next link in the vertical integration based on the brewery was the creation of Malta, Inc, in 1929, to supply their own firm with this raw material for beer production.

They had the malt and the bottles, but they had to purchase the cardboard cartons for packing their product. It was in 1936 that they founded Titan Cardboard Packing. In that same year, another one of their companies came into existence: Monterrey Factories, Inc.

The caps for the beer bottles were made from sheet metal brought from the United States. However, the supply was hampered upon the outbreak of World War II, and so the Garza Sadas founded Tin Plate and Sheet Metal, Inc, in 1943.

By then, Monterrey was a leading manufacturing center in the country. The modernization required the training of executive and administrative cadres for the companies, and the Garza Sadas founded the Technological Institute of Higher Studies of Monterrey, in the image and likeness of Massachusetts Institute of Technology, the American school to which the clan's magnates sent (and still send) their sons.

The industrial development of the Garza Sada clan required a particular labor strategy. Making gains over the workers' conquests, they granted loans and paternalistic protection to their workers, in exchange for the latter's absolute submission. For this purpose, they created "company" unions, which were to end up combined into a National Federation of Independent Unions, controlled by the clan until our time.

In 1936, however, a labor dispute in one of their companies, the glass works, brought about their first confrontation with the federal government. President Cardenas traveled to Monterrey and there delineated for the manufacturers and the workers his strategy on industrial development, the position of labor and labor-management relations. His statement led to the creation of special relations between the government and the organized workers, incorporated into the CTM.

But the Monterrey business owners were unwilling to cooperate for the success of those intentions. On the contrary, in 1938 they sponsored a campaign to prevent the organization of unions and to destroy the CTM. They succeeded in this, unquestionably. Even today, the CTM is little more than a letterhead in Nuevo Leon.

Twenty years later, led by the Garza Sadas, the Monterrey business owners again showed their hostility to the federal government, radically opposing the establishment of the compulsory textbook decided on by President Lopez Mateos. To make their resistance evident and pressure the government, they backed a political movement, the Regional Anticommunist Crusade.

In 1967, their economic power (at all times structured on family relations) lent them sufficient strength to put one of their reliable men in the state governorship: Eduardo Elizondo. Thus, for 4 years they were also able to control the state public administration indirectly.

Their preeminence was obvious, so much so that, in 1971, when the government of Luis Echeverria had just begun, the Garza Sadas and their business associates challenged the president's economic policy and expressed their "lack of confidence" to him. It was their way of exerting pressure, for which they had the backing of their flourishing industrial empire and their large fortunes, which were readily transferable to Texas banks.

Echeverria reacted forcefully. Elizondo's resignation from the governorship was his first blow. Shortly thereafter, a verbal war was declared between the president and the clan chiefs, headed by Eugenio Garza Sada.

Meanwhile, internally, there were marked differences and a great deal of friction among those heads of the Monterrey group, among all the relatives themselves. Different business strategies and hidden family quarrels were weakening the unity of the clan.

The fundamental differences occurred between the son of the supreme patriarch, Eugenio Garza Laguera, and the most brilliant and dynamic of his nephews, Bernardo Garza Sada. The latter was inclined toward an at least friendly relationship with the government, while the former flatly rejected it.

It was also learned that another member of the group, Diego Sada, was the liaison between the family, or a sector of it, and President Echeverria.

The violent death of Eugenio in 1973 (he died when he was shot by guerrillas attempting to kidnap him) unified the family temporarily, and it engaged in excessive abuse of Echeverria, to the point of even virtually blaming him for the elder Garza Sada's death.

Notoriety accompanied the incident which occurred during the funeral, which Echeverria attended hastily, although only to be met with the rebuff and cutting insinuations of the Garza Sadas.

With Eugenio dead, Bernardo Garza Sada and Eugenio Garza Laguera, the leading heirs to the fortune, became heads of the Monterrey group, with virtually equal shares and power. There was, however, a lesser but important partner: Javier Garza Sepulveda, who was labeled "El Manotas" [Big Hand].

Garza Sepulveda was the son of Isaac, the other brother of Eugenio and Roberto Garza Sada, and hence also heir to part of the family fortune. In addition, he had married Nora Calderon, and thus also inherited part of the fortune of Jose Calderon, one of the brewery founders.

"El Manotas" controlled the final say in many of the group's decisions, as to whether it would lend its support to one or another of his cousins, Bernardo and Eugenio. For the latter, this situation (which Garza Sepulveda took skillful advantage of) was more than annoying and an additional element for discord between the two.

So much so that, in 1974, while "El Manotas" was vacationing in Europe, Eugenio decided on the splitting of the group (which then had over 40 companies) and the formation of four different conglomerates which, however, would obviously be inter-related owing to the family ties.

To date, members of one of the family's branches have participated as stockholders in the firms of the other branches, and vice versa; which, transcending the formal separation, has allowed for the continuance of the family cohesion that has been so important in the history of the clan.

However, with the separation, each group assumed its own development strategy. While Visa, Vitro and Cydsa accelerated their growth (the first quite considerably), yet retaining much of the family's typical cautiousness, Alfa launched

into expansion, spurred on by its alliance with the federal government, benefited by tax incentives, subsidies and financial backing and dazzled by the Mexican oil boom which augured the advent of abundance and accelerated growth of the domestic market.

Perhaps now (in the solitude and immense luxury of his bunker), Bernardo Garza Sada regrets his boldness: Alfa went bankrupt.

2909

CSO: 3010/1635



## CASE OF PST CANDIDATE'S DISAPPEARANCE

## Candidate Is 'Key Witness'

Mexico City EL DIA in Spanish 19 Apr 82 'Metropoli' supplement p 3

[Article by Jose Alberto Lopez Sustaita]

[Text] Tomas Cantu Lopez, the Workers Socialist Party [PST] candidate for senator from the Federal District [DF] and "one of the key witnesses in the accusation against Felipe Astorga Ochoa, the delegate from Tlahuac, for attempted eviction last Wednesday "has been missing since 0700 hours last Saturday, according to an announcement made yesterday during that party's State Meeting on the Assessment of the Election Campaign.

Humberto Reyes Heras, the other PST candidate for senator from the Federal District, explained that he had been in touch with his comrade every day in order to coordinate their campaign activities and that Cantu Lopez had contacted him at 0700 hours Saturday. They agreed at that time that Cantu Lopez would accompany presidential candidate Candido Diaz Cerecedo during the entire day and that Reyes Heras would join them during the afternoon.

However, according to Jesus Gardea, campaign coordinator, at 0800 hours the senatorial candidate had not arrived at party headquarters as agreed and did not join the group at any time during their movements.

During the evening, Cantu Lopez did not contact Reyes Heras, as they had been in the habit of doing ever since his nomination and early yesterday morning his wife went to Reyes Heras' home to ask his whereabouts after verifying at the garage near her home--in San Pedro de los Pinos, near Clinic No. 10 of the Mexican Social Security Institute--that the automobile in which the candidate was to have gone to the PST had not been moved from its parking place.

At the request of PST president Rafael Aguillar Talamantes, Reyes Heras went to LOCATEL to find out where Cantu Lopez was but was unable to obtain any information. Reyes Heras said, "It is likely that some police organization is responsible for the kidnapping in flagrant violation of the Constitution and the electoral laws."

Yesterday afternoon a meeting of the PST central committee was called to decide on the steps to be taken to locate the senatorial candidate. Aguillar Talamantes



said, "and of course a formal complaint will be made to the Secretariat of Government." During the meeting held yesterday noon to evaluate campaign activity in the capital, Aguilar Talamantes demanded that Cantu Lopez be produced immediately.

Meanwhile, Aguilar Talamantes reported that the investigation against Astorga Ocho continues although the testimony of Cantu Lopez, among others, is needed and hence it is presumed that his disappearance has political implications. Presidential candidate Candido Diaz Cerecedo called on all militant members of the PST to search for the missing candidate.

#### Incident Formally Reported

Mexico City EL DIA in Spanish 21 Apr 82 'Metropoli' supplement p 2

[Article by Jose Alberto Lopez Sustaita]

[Text] Deputy Pedro Etienne, in behalf of the Workers Socialist Party [PST], presented on Monday afternoon to the Office of the Attorney General of the Federal District [DF] formal complaint No. 2723/82 on the disappearance of Tomas Cantu Lopez, a PST candidate for senator from the DF.

That same Monday Cantu Lopez was to have given testimony supporting the PST accusation against Felipe Astorga, delegate in Tlahuac, who personally directed on Wednesday of last week an attempted eviction from the Los Olivos development in Tlahuac.

According to the public complaint by the PST filed 3 days ago, at 0700 hours last Saturday the senate candidate spoke over the telephone to his running mate Humberto Reyes Heras and afterwards was not seen during Candido Diaz Cerecedo's campaign visit to Mexico City and his whereabouts are still unknown.

The fact that Tomas Cantu Lopez LLD, a former agent of the Public Prosecutor's office and at present a public defender, is considered a prosecution witness in the legal proceedings against Felipe Astorga, led Deputy Etienne to describe his disappearance as "a political kidnapping by some police organization." For this reason, he attempted yesterday to communicate with Rodolfo Gonzalez Guevara, under-secretary of Government, to request his intervention in the matter.

At the same time an announcement was made of the mobilization of all the PST members to protest this action, to demand the immediate return of their candidate and to request the observance of the guarantees provided under the constitution and electoral laws for their other candidates for the Chamber of Deputies and the Senate.

## Safe Recovery

Mexico City EL DIA in Spanish 22 Apr 82 'Metropoli' supplement p 4

[Article by Jose Alberto Lopez Sustaita]

[Text] Tomas Cantu Lopez, the Workers Socialist Party [PST] candidate for senator from the Federal District, who was kidnapped last Saturday, was abandoned tied with wires and gagged but not beaten; nor were his belongings and documents stolen. Early yesterday morning he was left on the Huetamo Zitacuaro, Michoacan, highway.

Humberto Reyes Heras, Cantu Lopez' running mate, reported that a detailed report was made yesterday to the office of the Attorney General of the Federal District, and to the office of the Secretariat of Government, a demand that the persons responsible be investigated and punished under the provisions of the Constitution and electoral laws.

The candidate for senator described the kidnapping as a political action. He recalled again that the event coincided with the fact that on Monday of this week Cantu Lopez was to have appeared at the office of the Federal District attorney general as a witness of the prosecution against Felipe Astorga, the delegate of Tlahuac, who is accused by the PST of personally directing an attempted eviction in the Los Olivos development a week ago.

Reyes Heras made the following report of the kidnapping: Tuesday at 1530 hours he received a telephone call from Tomas Cantu Lopez from Toluca. He explained that he had been released some hours earlier and had been helped by several peasants. He then went to Mexico City where he was met by Humberto Reyes Heras.

Cantu Lopez explained that three or four hooded men pressed a pistol to the back of his neck and another to his temple. They ordered him not to turn around. They then gagged him and covered his head. This happened at the corner of Calle 13 and Avenida 3, near Avenida Patriotismo.

He was taken to an auto which must have been large since he was laid across the floor and covered with a canvas after being handcuffed. He was then taken to "a sort of cellar" where they forced him to shave off his mustache.

From there he was taken, probably along a highway--"because the auto never stopped"--to an unknown place. His captors refused to tell him why they had kidnapped him. They said only that he must withdraw his candidacy for office. During all the time he was held he was given no food except for "barbecued beef tacos and jugs of pulque."

As to his captors' demands that he withdraw his candidacy, Tomas Cantu Lopez said that, "full of courage and enthusiasm I will carry on with greater vigor the party struggle" because "this incident, which in many minds might be an inducement to give up the struggle, is to me an incentive to strengthen my determination."

9204

CSO: 3010/1557

## PSUM CANDIDATE VICTIM OF SHOOTING IN GUAYMAS

Mexico City EXCELSIOR in Spanish 24 Apr 82 p 36-A

[Article by Nidia Marin]

[Text] The Unified Socialist Party of Mexico, PSUM, charged that a PSUM candidate for deputy was fired at and that the police in Guaymas, Sonora, arrested two other candidates for elective office.

The Press Committee of the PSUM, headed by Eduardo Montes, reported that Ismael Valenzuela, a PSUM Candidate for local deputy, and a group of party campaign workers engaged in electioneering were fired at by the PRI [Institutional Revolutionary Party] candidates for city councilmen of Guaymas.

The committee reported that a person named Rivera was identified as one of the attackers and it also reported the total destruction of the sound equipment they were using. They presented as evidence the fact that the light truck they were using has several bullet holes. These events took place on the 21st of this month.

Concerning the other case, they said that in the same city of Guaymas on 17 April, the municipal police arrested the candidates for federal and local deputies Ruben Berna and Avelino Meza.

The municipal police also arrested Armando Torre Blanca, candidate for mayor, while he was electioneering.

The PSUM said that these two acts of aggression are part of a series of acts of repression suffered by their party in Sonora and they stressed that its members have resolved not to be stopped by acts of aggression.

The PSUM demanded that the actual perpetrators and also the instigators of these acts of aggression be punished and demanded the immediate, unconditional release of the seven PSUM members and the members of the Labor Union of Metallurgical, Miners and Allied Workers of the Mexican Republic on the "Regeneration" ticket of Section 67 of that labor union who were arrested Wednesday night.

Evaristo Hernandez, Jose Luis Hernandez, Francisco de la Rosa and Ricardo Cantu are among the prisoners in Neuvo Leon's Topo Chico Prison. The state prosecuting attorney demands as a condition for their release that they abide by the results of the executive committee members' election in which "there appears to have been fraud."

## DEEPER INVOLVEMENT BY CHIEF EXECUTIVE URGED

Mexico City EXCELSIOR in Spanish 3 May 82 p 6-A

[Editorial: "Warning from MMH"]

[Text] The presidential candidate of the PRI [Institutional Revolutionary Party] points out that the implacable law of diminishing returns has made its appearance in many areas of our national life. He criticizes the presence of hypocrites in government, and he speaks about heads of agencies--apparently meaning those at high levels--"who are guilty of serious errors, improvisation, waste, and in some cases tolerating phenomenal instances of corruption."

A wholesome, timely warning, a warning to himself in the event he becomes chief executive. In reality, there are agency heads who commit the infractions mentioned by Miguel de la Madrid, and many more. The occupant of that office, ordinarily pledged to, and bent on, insuring that government actions are wholesome in their consequences and are productive and helpful to the nation, does not always find people who will fulfill his agreements correctly or execute his decisions.

The constitution gives the president full responsibility to run the executive branch. Has this become too much of a burden in recent years? Would it be better to share it by shifting our system towards parliamentarianism? Or should we proceed to review the presidential customs and mechanisms to make them more introspective, more attentive to personal and direct study of priorities, so that the incumbent can make decisions intelligently and oversee major accomplishments to head off abuses and corruption?

The presence of hypocrites and crooks in high places merits a study of working methods in the discharge of official duties for the benefit of those who govern and those who are governed. Perhaps we need an executive who is more devoted to the study of problems and less involved in a continuous stream of trips and ceremonies, which although useful, could be reduced.

9015

CSO: 3010/1518

## REPORT ON DE LA MADRID 'ESTADO DE MEXICO' TOUR

Mexico City EXCELSIOR in Spanish 24 Apr 82 pp 1-A, 18-A

[Article by Alfredo Ramos Ramos]

[Text] Villa Nicolas Romero, Mexico 23 Apr--Miguel de la Madrid Hurtado, the PRI [Institutional Revolutionary Party] candidate for president of the republic, will travel for 4 days by air and by land through 16 municipalities of Mexico State. He will discover the poverty which overwhelms hundreds of thousands of inhabitants but he will not have the opportunity to go to the areas where the forests are being destroyed, where the lakes and rivers are being contaminated and municipal lands are sold and other irregularities are committed under the authority of questionable authorizations by previous administrations.

During his political tour, the candidate will visit briefly the municipalities of Texcoco, Zampango, Cuautitlan Izcalli, Atizapan de Zaragoza, Villa Nicolas Romero and other towns. In these communities where poverty is traditional and is deeply rooted in the sprawling human settlements, Miguel de la Madrid Hurtado will not be able to linger due to the short time available, and the hopes of these marginal people will once again remain up in the air.

The trip of the presidential candidate will be through the areas where these municipalities are located, which suffer from crippling shortages of drinking water, have deficient drainage systems and other services, where schools and public transportation are lacking, where squalid cities spring up within a few hours and human settlements spread out uncontrollably. The trip will last about 10 hours and it will be almost impossible to listen to the demands and complaints from the representatives of more than 2 million human beings who are concentrated in that part of the metropolitan area.

The trip by the PRI presidential candidate through these municipalities will take place on the 27th of this month. Miguel de la Madrid Hurtado will begin his trip through Mexico State this morning in the communities south of Toluca and will remain there the 24th, 25th and 26th. After attending a series of ceremonies prepared by the members of the official party he will go to the metropolitan area.

The PRI candidate will arrive at Villa Nicolas Romero on 27 April when night is beginning to fall over the Monte Alto mountains. Here more than 350,000 inhabitants live in poverty, public lands are fraudulently sold and, according

to the city hall secretary Fernando Pous Escalante, there are shortages of drinking water, schools and other services.

Perhaps the Mayor Will Speak, But...

Pous Escalante said that in Villa Nicolas Romero, it is not known if Fidel Chavez Guzman, the mayor, will speak or if PRI leaders or the special guests, who will be with De la Madrid's party, will speak to the public.

Pous Escalante added that there will be no time to submit demands to the candidate. In Villa Nicolas Romero "there is frightful poverty" but Miguel de la Madrid will not be able to observe this because in this place he will only preside over a political event.

The City Hall's secretary said, "Later on we will attempt to tell the PRI candidate that Villa Nicolas Romero is a bedroom city from which thousands of inhabitants must leave in the early hours to go to other municipalities where their places of employment are." Perhaps there will be no time to explain the need for a new highway on which to travel to Atizapan de Zaragoza and the other communities in the metropolitan area.

If It is Possible, If There is Time...

Pous Escalante said, "Artificial showplaces are not being prepared in Villa Nicolas Romero. We cannot conceal the fact that we do not have municipal markets and that this city, built on the side of the Monte Alto mountain range, is neglected and there are no economic resources with which to remedy the widespread poverty. If there is time, we will tell the PRI candidate about these stark realities."

Another of the municipalities which the PRI candidate will visit briefly is Cuautitlan Izcalli. In that town, a group of women members of the CNOP [National Confederation of Popular Organizations], told Miguel de la Madrid some weeks ago, "Officials of the previous administrations derailed the original programs for the birth of municipality No. 121 of Mexico State and fraudulently sold even the areas reserved for the expansion of the municipal, state and federal offices."

Dozens of Cuautitlan Izcalli inhabitants also explained to the PRI candidate during his last visit that "subdividers are destroying the forests, contaminating lakes and rivers and capriciously changing the use of the land, and instead of building single family homes they have engaged in building high rise condominiums in violation of all the laws and regulations."

The CNOP members said that this seriously damages the interests of more than 250,000 inhabitants of Cuautitlan Izcalli. The arrival of Miguel de la Madrid in this city is eagerly awaited. The complainants hope that the PRI presidential candidate will give them an affirmative reply and that the "original programs for the City of the Future will be respected."

Juan Manuel Tovar, the mayor of the Cuautitlan municipality, acknowledged a few days ago that the complaints made to the PRI candidate are justified and should



be investigated to find out what officials allowed the selling of the lands which had been intended for the building of a park, the expansion of the official buildings and other federal, state and local buildings.

And the Demands Will Be Left Up In the Air

In Atizapan de Zaragoza, the speed of the trip by the PRI candidate will not allow him to observe the wooded areas near the city hall which were destroyed by order of public works officials in the sixth year of Jorge Jimenez Cantu's term and perhaps no one can reverse those orders.

The speed of the trip will prevent the demands by the peoples' representatives, peasant leaders, students and other organizations from being heard. Dozens of accusations against municipal officials, local and federal deputies, who for years have allowed the deterioration of the city, will surely be forgotten.

9204

CSO: 3010/1557



## DISTRIBUTION OF CONGRESSIONAL SEATS CALCULATED

Mexico City EXCELSIOR in Spanish 12 Apr 82 pp 4-A, 23-A, 26-A

[From "Political Fronts" column by Ramon Morones C.]

[Text] Even though each of the opposition political parties on its own would like to calculate the breakdown of the 100 plurinominals for Deputy who will serve in the 52d Federal Congress, that figure will be distributed among eight political parties, in accordance with the results of the 4 July balloting.

According to unofficial calculations, however, the opposition parties will all exceed the minimum 1.5 percent of the votes required by law for the maintenance of their registration.

Independently of what each party wishes, as regards the breakdown of the 100 plurinomial seats, unofficial calculations indicate the possibility that PAN [National Action Party] will win 28 deputy seats; PPS [Popular Socialist Party] 14; PARM [Authentic Party of the Mexican Revolution] 8; PSUM [Unified Socialist Party of Mexico] 18; PST [Workers Socialist Party] 10; PRT [Revolutionary Workers Party] 8; PSD [Social Democratic Party] 6; and PDM [Mexican Democratic Party] 8.

The PRI [Institutional Revolutionary Party] expects to win majorities in both chambers: 300 in the Chamber of Deputies and 64 in the Senate, although each party hopes to take away from it the greatest possible number of seats.

This distribution is somewhat arbitrary; however, it takes into account the minimum aspirations of the opposition political parties. The PRI-planning committee will be faced by a real opposition team, made up of men with legislative experience, political skill, unquestioned debating ability and profound anti-PRI feelings.

The 28 PAN Candidates in the Country

As is known, the 100 plurinomial deputy seats represent the distribution made by the Federal Election Commission for four of the country's districts.

The first of these has its district seat in the Federal District; the second in the capital city of Durango; the third in Jalapa, Veracruz; and the fourth and last in Guadalajara, Jalisco.

PAN expects to win at least 10 seats in the first district which would be for Jose Gonzales Torres, presidential candidate in 1964 and leader of the party from 1959 to 1963; Bernardo Batiz Vazquez, former secretary general during the presidency of Jose Angel Conchello; Juan Vazquez Garza, intellectual and newsman; Gerardo Medina Valdes, two-time federal deputy, a keen debater and editor of the magazine LA NACION, the official PAN organ.

Marco Antonio Fragoso, young debater from Tehuacan, Puebla; Manuel Gonzalez, national treasurer, former Puebla gubernatorial candidate; Jose Viramontes Paredes, from Morelos, former regional chief, national councilor; Alberto Ling Altamirano, member of the CEN [National Executive Committee], current deputy director of the Political Training Institute; Juan Jose Hinojosa, three-time federal deputy, a man of intelligence, vast culture and experience; and Francisco Gonzalez Garza, a young prospect, good debater.

In the second district, the following are viable candidates: Maria Teresa Ortuno Gurza, economist, leader in Tlaxcala; Astolfo Vicencio Tovar, regional chief of Mexico State, former secretary general with Gonzalez Torres and Adolfo Christlieb Ibarrola; Francisco Soto Alba, former gubernatorial candidate in Guanajuato, leader in Dolores Hidalgo; Carlos Chavira Becerra, former federal deputy, an experienced leader in Chihuahua; Alberto Gonzalez Domene, Tlaxcala leader, secretary of education of the PAN CEN; and Luis Torres Serrania, secretary general of the Mexico State regional committee, an energy specialist, particularly oil.

#### A Former Mayor

For the third district, the first six plurinominal candidates are also named: Luis J. Prieto, former mayor of San Nicolas de los Garza, Nuevo Leon, national councilor; Roger Cicero McKiney, former regional chief in Yucatan, the party poet laureate; Angel Mora Lopez, a Huajuapam de Leon, Oaxaca leader; Ruben Dario Mendez Aquino, a Oaxaca leader; Fabian Basaldua Vazquez, a Tlaxcala and Poza Rica leader; and Paulino Aguilar Paniagua, Chiapas regional chief.

Fourth district: Jesus Larios Ibarra, former regional chief in Sonora; Alfonso Mendez Ramirez, Michoacan leader, particularly in the Zamora region, whose past election victory was denied; Rodolfo Pena Farber, Sinaloa leader; Miguel Angel Martinez Cruz, Guadalajara leader; Javier Moctezuma y Coronado, from North Baja California; and Gabriel Salgado Aguilar, Colima regional chief and former gubernatorial candidate.

Fourteen for the PPS

Unofficial calculations which in general terms appreciably dampened the aspirations of the PPS also take into account that this party is supporting the PRI presidential candidate and give it only 12 positions in the country also distributed arbitrarily on the basis of the party's strength in specified regions:

First district: Francisco Ortiz Mendoza, former deputy, party spokesman; Jesus Lujan Gutierrez, former deputy, CFE [Federal Electricity Commission] representative; Marcela Lombardo de Gutierrez, daughter of the party founder, missing person Vicente Lombardo Toledano, and former federal deputy; and Jesus Antonio Caros Hernandez.

Second district: Hector Ramirez Cuellar, former party youth leader, former deputy, skilled debater; Alfredo Reyes Contreras; Jorge Tovar Montanez; and Rafael Huizar Orozco.

Third district: Jorge Cruickshank Garcia, party leader, current Oaxaca senator; Viterbo Cortes Lobato; and Juan Gualberto Campos Vega.

Fourth district: Crescencio Morales Orozco; Sergio Quiroz Miranda; and Victor Jimenez Osuna.

Eight for PARM

The reduced figures for PARM take into account the fact that the party is going through one of its most serious internal crises. The most viable candidates are:

First district: Ruben Rodriguez Lozano, former secretary general, former federal deputy; and Enrique Bermudez, two-time federal deputy and leader of the commentators' group. Second district: Maria Barron del Avellano; and Saul Castorena Monterrubio, former deputy. Third district: Francisco Melo Torres; Hugo R. Galindo; and Arcelia Sanchez de Guzman, wife of PARM leader, Jesus Guzman Rubio. Fourth district: Manuel Zermeno Araico, former navy secretary.

Also Eight for PDM

The PDM calculates that it will win only eight deputy seats: David Orozco Romo, distinguished synarchist; Baltazar Ignacio Valdez, founder of synarchism; and David Lomeli Contreras, another synarchist. Second district: Jose Augusto Garcia Lizana, CFE representative; and Juan Lopez Martinez. Third district: Margarito Benitez Duran. Fourth district: Enrique Alcantara Enriquez and Ignacio Vital Jauregui.

Will There Be 18 for PSUM?

Unofficial calculations give the PSUM 18 plurinominal deputies in the country distributed in the four districts:

First district: Ivan Garcia Solis, leader of the Teachers' Revolutionary Movement, editor of ASI ES, party organ; Rolando Cordera Campos, university researcher, leader of the UNAM [Autonomous University of Mexico] teachers and coauthor of the book, "The Dispute Over the Nation," with Carlos Tello Macias; Salvador Castaneda O'Connors, former PPS legislator.

Antonio Gershenson, leader of the Nuclear Industry Trade Union; Arnaldo Cordova, director of the Economic Development Studies Institute of the UNAM; Amalia Dolores Garcia, daughter of the former PRI governor, Jose Espartaco Garcia, feminist leader; Nicolas Olivos Cuellar, leader of the STUNAM and former leader of the SUNTU.

Second district: J. Dolores Lopez Dominguez, secretary general of the CIOAC; Edmundo Jardon Arzate, newsman and former leader of MAUS [Socialist Action and Unity Movement]; Victor Gonzalez Rodriguez, for the Socialist Faction; Rene Rojas Ayala, former trade union leader of Health and of the POS [Socialist Labor Party]; and Reinaldo Rosas Dominguez, former leader of the teacher sector in Chihuahua, current PSUM leader in Mexico State.

Third district: J. Encarnacion Perez Gaytan, one of the three leaders who changed the orientation of the PCM [Mexican Communist Party] in the 1960s, former teacher leader; Hector Sanchez, founder and leader of the Worker, Peasant, Student Coalition (COCEI) of the Isthmus; Pedro Bonilla Diaz de la Vega, formerly of the PPS, he arranged for the massive departure of PST-ists in the northern part of Veracruz; Miguel Angel Velasco Munoz, former PCM leader, in opposition to the election of Fidel Velazquez in the CTM [Confederation of Mexican Workers], many years ago, founder of MAUS; and Eraclio Zepeda, writer-turned-movie actor now in a motion picture with a revolutionary theme.

Fourth district: Raul Rea Carbajal, Michoacan leader; Samuel Melendrez Luevano, responsible for the preparation of the campaign of Arnaldo Martinez Verdugo, former organization secretary of the PCM. (Here the PSUM-ists refuse to accept that the following persons will be left out of the distribution of seats: Florentino Jaime Hernandez, former guerrilla; and Alvaro Ramirez Ladewing, brother of Carlos, former FEG [Guadalajara Student Federation] leader, who was assassinated in Guadalajara.)

Candido Diaz for PST Deputy

Those of the PST, according to calculations, will have 10 plurinominal seats: First district: Rafael Aguilar Talamantes, top party leader, its founder and

ideologue; Raul Lopez Garcia; Mariano Lopez Ramos; Ester Goujon Campos, cofounder and organizer of the PST Federation of Women; and boxer Ruben Olivares, uninominal candidate for the 12th capital district. Second district: Antonio Ortega Martinez and Miguel Alvarez Gandara, the latter a former representative of the CFE. Third district: Candido Diaz Cerecedo, party presidential candidate, and Ricardo Gobela Autrey. Fourth district: Domingo Esquivel Rodriguez, cofounder and former leader of the party's National Union of Farm Workers. (Here the PST expects its candidate, Jesus Heriberto Noriega Cantu, to reach the Chamber. He is a former guerrilla, who was given amnesty in Guerrero, and was placed in third position on the slate of this district.)

#### Rosario Will Be A Deputy

Another presidential candidate, Rosario Ibarra de Piedra heads the plurinominal slate of her party, the PRT, for the first district, which has its district seat in the Federal District. Her party feels that it will have eight deputies. In addition to her the first district also has Lucinda Nava Alegria, leader of university professors, feminist and one of the theoreticians of Mexican Trotskyism.

Second district: Pedro Jose Penaloza, leader of the party and one of its founders; and Francisco Salazar Jardon.

Third district: Jose Antonio Rueda Marquez, leader of the allied group, the Popular Revolutionary Movement; and Jose del Carmen Enrique Rosado.

Fourth district: Rodolfo Amado Armenta Scott and Margarito Montes Parra, leader of the Ayala National Central Plan.

#### Only Six for the PSD-ists

Finally, the Social Democratic Party is expected to have only six plurinominal deputies, at most. In the first district: Arturo Martinez Nateras, former PCM organization secretary, editor of the weekly DI and first-round presidential candidate of the party to which he now belongs; and Luis Sanchez Aguilar, leader of this party.

Second district: Raul Ugalde Alvarez, former leader of the People's Electoral Front and movie scriptwriter; Edmundo Sanchez Aguilar, codirector of the PSD.

Third district: Porfirio Diaz Trevino, former presidential candidate of the party.

Fourth district: Silvio Margain.

## CALL FOR ACTION AGAINST U.S. ILLEGALS

Mexico City EXCELSIOR in Spanish 4 May 82 p 15-A

[Report on interview with Aurelio Tamez Garcia, president of Sales and Merchandising Executives, by J. Jesus Rangel M. on 3 May 1982; place not specified: "Mexico Should Treat U.S. Illegals as They Treat Braceros There"]

[Text] The attitude of the United States towards Mexican illegals is contrary to human rights, to individual guarantees, and is alien to normal diplomatic procedures; Mexico should deal in the same way with "American illegals who work illegally in this country" and deprive Mexican nationals of opportunities.

Aurelio Tamez Garcia, president of Sales and Merchandising Executives stated the above yesterday and pointed out that "Operation Jobs" is obviously a political move by President Reagan to ameliorate the problems of unemployment caused by the economic recession in his country.

The business leader was interviewed after Andres Marcelo Sada, president of the CYDSA Group of Monterrey spoke before members of Sales and Merchandising Executives.

He said that the attitude of the United States is completely contrary to and inconsistent with statements made by President Reagan concerning "being a good neighbor toward Mexico and treating her as a good friend." He reported that even Mexicans who have their papers in order in the neighboring country to the north are being treated in a way that is far from showing respect for individual guarantees and human rights.

He pointed out that the Mexican Government has been respectful and has acted with prudence in relation to this problem and has adhered to diplomatic norms in order to find solutions, and that the United States should follow the same path.

He asserted that many visitors from the United States remain and work illegally, which means that nationals are deprived of job opportunities. Therefore, the government should in all events give the same treatment that is given to Mexican illegals in the neighboring country to the north.

He said that "Mexican businessmen are aware that Operation Jobs is obviously political in view of the unemployment problem in the United States, but that this country should also take into account the problems facing Mexico."

He said that many of the "illegal workers from the United States in Mexico" receive extremely high salaries that are not in keeping with their managerial abilities, and this deprives Mexicans of opportunities for development.

9015

CSO: 3010/1518



## FIGURES ON 1981 CASH FLOW FROM COUNTRY

Mexico City EXCELSIOR in Spanish 16 May 82 p 16-A

[Article by Jesus Rangel: "\$3.545 Billion Left the Country During 1981: Bank of Mexico"]

[Text] During 1981, over \$3.545 billion left the country, representing an increase in excess of 180 percent over 1980. In addition, Mexico had to pay slightly more than \$2.546 billion in profits, interest and royalties.

In announcing the preliminary figures on the country's balance of payments, the Bank of Mexico also reported that there was a 12 percent reduction in its monetary reserves during the same year. They stood at \$1.012 billion, in contrast to \$1.150 billion in 1980.

According to the statistics on the balance of payments, the item for errors and omissions (wherein one can detect the volume of capital that left the country, among other things) registered a negative balance of \$5.506 billion, as compared with \$1.960 billion in 1980. This represents a variation of \$3.545 billion and a 180.8 percent increase over the previous year.

In this regard, it reported that, during the first quarter of 1981, the negative balance in this item was \$1.403 billion; in the second quarter, it was \$114 million; and in the third quarter, the imbalance was \$4.320 billion. In the fourth quarter, the balance was positive, amounting to only \$331 million.

The Bank of Mexico did not make further observations regarding this activity, but noted that, in 1980, the item of errors and omissions in the balance of payments showed a negative balance of only \$1.960 billion.

Insofar as the payments made abroad are concerned, the Central Bank said that they amounted to \$2.546 billion in 1981 for profits remitted, interest, royalties and other payments. With respect to 1980, the increase was \$902 million, with a 54.9 percent increase.

It explained that \$719.5 million was paid for profits remitted, \$1.0925 billion for interest, and \$734.6 million for royalties and other payments. This represented increases of 45, 59.4 and 58.8 percent, in comparison with 1980. It added that, 2 years ago, the profits remitted totaled \$496.1 million, the interest,

\$685.5 million and the royalties and other payments, \$426.7 million.

Finally, it announced that the new investments coming from abroad totaled \$1.0813 billion in 1981, which represented an increase of 43.1 percent.

2909

CSO: 3010/1635

## DE LA MADRID SPEAKS ON RELATIONS WITH U.S.

Mexico City EXCELSIOR in Spanish 15 Apr 82 pp 1-A, 18-A, 30-A

[Article by EXCELSIOR correspondent Carlos Canton Zetina: "Dependence on the U.S. Is Not Inevitable: MMH"]

[Text] Tijuana, BCN, 14 April--Today, Miguel de la Madrid remarked that "Mexico's sovereign subsistence is at stake," and that "we cannot risk having the international competition subjugate us"; for which reason he demanded efficiency and productivity of the nation's manufacturers and also gave notice that the governmental protectionism that has granted privileges to small groups which have created economic concentration and monopolies would be curtailed.

He forcefully denied that our dependence on the United States was inevitable and fated, commenting that "we shall reform everything that needs to be changed" in order to bolster our development and thus strengthen our sovereignty.

In discussing the problems between Mexico and the United States, the PRI [Institutional Revolutionary Party] candidate gave warning in this border town that, "Without hostility nor inhibitions, we shall defend over and over again what belongs to us in justice. We do not fear any difficulty." He added that we would not tire of protecting our rights against the United States, with respect but with firmness.

He claimed that the sovereignty must be exercised all over the national territory, because otherwise it would decline or lose credit; and said that agreeing that our economy is inevitably advancing toward and silently becoming integrated into that of the United States "means betraying our nationalist principles."

To develop the northern border, he added, "We shall combat the preeminence and arrogance of the center of the republic, because we do not want a country governed by bureaucrats in the capital of the republic."

The PRI candidate spoke, making a summary of his review of national priorities with the title "The Northern Border in the National Development," which he ended here today, having covered the states of Tamaulipas, Chihuahua, Sonora Norte and Baja California Norte.

Speaking at the meeting, held in a hall at the Plaza de Mexico, were several experts, including the former ambassadors and current candidates for the Senate,

Hugo B. Margain and Gonzalo Martinez Corbala. They agreed that it was necessary to defend our sovereignty on the northern border. Margain, a former secretary of finance, called for the creation of "excellent" educational institutions on the border strip to prevent the regrettable exodus of young Mexicans who cross the dividing line every day to study in United States institutions. He also proposed the reestablishment of the Joint Mexican-American Commission to deal with the specific matters relating to the border between the two countries.

De la Madrid also noted that the potential of the northern border must be used to advantage, "but overcoming the temptation of a fictitious progress, in favor of an independent process of increasingly balanced development internally and in its relations with the external economies." He declared: "Isolationism, or living with one's back turned on reality, is not a revolutionary position either, because it is neither a realistic nor courageous position."

In commenting on sovereignty, he explained: "For a nation, the concept of sovereignty is the dilemma between being and not being; either it is exercised over the entire territory, or it declines and loses credit. The process of consolidating sovereignty in Mexico is a continuous process; every day it is affirmed, defended and constructed."

#### Against Conformism

The candidate admitted that it is not easy to talk about national integration when there is a concentration of the internal productive system.

He added: "There are those who accept and even want the border economy to be prey to a silent integration progressing inevitably from north to south, and toward which there can only be submission and accommodation. I forcefully reject that concept. I am definitely opposed to this conformist notion which betrays the nationalist principles of our social movement and our party."

And he asserted: "When confronted with the statistics that attempt to prove our inevitable and fated dependence on the United States, let us Mexicans maintain the political desire that will give an impetus to the economic and social integration of our territory, and will reaffirm every day the indestructible will of the Mexican people to continue being a free, independent, sovereign nation, wherein we Mexicans are the masters of Mexico."

He expressed approval of promoting industrialization in the northern border zone, and fostering the competition of products from the interior and vice versa.

"That is the integration which we are seeking. We do not want a protected market for the manufacturers in the center of the republic. I do not think that everything can be produced in Mexico, but I consider it an obligation for all Mexicans to spur on our development and contribute to greater economic independence."

He remarked that there should be a "serious revision" of the government's protectionism for industry which has not always been reflected in general benefit to the Mexican people, "but rather in privilege for small groups, something that explains to a large extent the unjust distribution of the national wealth."

Therefore, he explained, Mexican manufacturers must improve their efficiency and productivity and take advantage of the new exchange situation to meet the challenge of making the border markets ours.

He noted that there would be incentives for commerce and industry, but pointed out that these measures "cannot be adopted at the cost of the most cherished principles of the Mexican revolution." He said: "We are not willing to negotiate with the right to work and labor on the borders, nor with the wages and benefits that legitimately correspond to the workers' levels of qualification." In this respect, he stressed that the future development of the northern border strip "will not foster privileges that will increase the differences and inequalities on a national and regional scale and between social groups."

He commented that a serious effort must be made for modernization, effectiveness and efficiency in all of Mexico's productive activities. He stated: "Consequently, we shall review the framework that determines the rates of productivity and efficiency in the Mexican economy, and we shall have the virtue of reforming what must be reformed. Mexico's sovereign subsistence is at stake. We cannot risk being subjugated by the international competition."

He said that we must prevent the occurrence, with the excuse of industrial protection, of phenomena of economic concentration and monopoly which neither benefit the country's consumers nor help to strengthen the national productive system.

He pledged to intensify culture on the northern border and throughout the entire country, to "retrieve our national identity"; although he warned that, "Nationalism must not lead to inoperative, fictitious, isolationist positions. Nationalism and internationalism are not incompatible concepts."

#### Mutual Respect with the United States

In discussing the relations between Mexico and the United States, De la Madrid declared: "The political understanding will have to be achieved with respect for the principles which back our international philosophy."

He stated: "It is normal for two geographies linked by over 3,000 kilometers of border to be sources of problems ranging from issues involving land and sea boundaries to the exploitation and utilization of the natural resources that they share. It is also normal for the economic relations between two neighboring countries with very different degrees of development to cause imbalances, particularly in the migratory and commercial areas.

"In the face of old and new problems between the two countries, we must seek suitable formulas that will uphold the national interest and serve as a basis for cooperation and the utilization of the advantages offered by the neighbor relationship."

He said: "Without hostility nor inhibitions, we shall defend over and over again what belongs to us in justice. At the negotiating table, we shall not tire of defending our rights and affirming our fundamental political principles. With dignity and mutual respect, we do not fear any difficulty."

Hugo B. Margain expressed the view that the bilateral relations concerning the northern border should comprise a separate chapter in the general policy between Mexico and the United States, and said that it was necessary to reestablish the Joint Mexican-American Commission on the border, which would be responsible for the individual affairs associated with the zone in both countries. He added that it should be made up of experts from both nations who will take the previous experience into account.

He noted that the traditional way of dealing with border problems, from the standpoint of the bilateral diplomacy in the capitals of both countries, is insufficient. He stressed that it was necessary to create that specialized agency of a joint nature.

He expressed his concern over "the strong absorption power of the northern country, which is highly developed and has a per capita income level several times higher than ours, and the fact that the bilateral relations have been causing a penetration of northern traditions and customs into Mexico."

He claimed that the Mexican purchases from the other side exceed those made by the Americans in our country to a considerable extent, and that there has been a constant increase in the strength of the commerce from the other side, with sales on our side losing their amount of percentage.

He explained that the financing is received from the north and that, conversely, the deposits made by our merchants and the public as a whole take place in the United States.

He said that the same thing holds true for education, as well as in the realm of hospitals, maternity facilities and all medical services.

Margain gave a reminder that, at the time of President Nixon, in 1969, the United States unfortunately undertook the "interception operation" which, with the excuse of stopping the entry of drugs coming from our country, sealed its border. There was a violent repudiation of this measure in the United States, and the following is one of the many problems that were caused: The American schools and educational centers protested the interception operation because it prevented the passage of the Mexican students who were crossing the border daily to attend courses in the other country.

Margain, who was ambassador to the United States, expressed concern at that time over the daily exodus "of Mexican intellectuals which, upon crossing the border, have become shaped in the United States."

As a result, he proposed to De la Madrid the creation of "excellent public and private educational institutions on the northern border"; because the latter is not just a physical demarcation, but a cultural frontier as well.

Finally, he suggested that in El Chamizal, a territory recovered by Mexico, a Latin American university be established "which would be open to students and instructors from the Spanish and Portuguese-speaking countries, in which the fundamental principles of our culture would be determined and upheld."



## Total Sovereignty: Martinez Corbala

Gonzalo Martinez Corbala, for his part, expressed the view that the people's unity in the defense of the principles of non-intervention and territorial integrity has become tangible and that their indispensable and essential significance to the very existence of the nation has been realized.

He recalled how, in 1938, the foreign oil companies put our sovereignty to the test, making use of our subsoil in manifest violation of the laws and principles of social justice of the Mexican revolution.

Martinez Corbala stated that the national sovereignty was at stake, but that Lazaro Cardenas, without faltering, ordered the expropriation of the oil companies. Thus, the companies which had become established as a political power were brought into confrontation with the real, legitimate power of all powers: the people's power.

He emphasized that national unity was critical for making the exercise of our sovereignty against the powerful oil companies backed by their governments possible.

Elsewhere in his remarks, Martinez Corbala said that, in backing the struggle of other fraternal countries to maintain their national sovereignty and territorial integrity, as President Lopez Portillo is doing now, we are fighting, in the last analysis, to preserve that of our own nation.

He noted: "Popular sovereignty is a power that the people do not exercise solely in their own defense, but also to reach the national consensus regarding the fundamental decisions of the popular majorities."

In conclusion, Martinez Corbala stated that the borders are lines of encounter for different political systems and economies with different degrees of development, as well as cultures which are also unequal owing to their nature and origin.

He pointed out that this encounter is not always gentle and cordial, and, in fact, there often occurs a breakdown in the economic or cultural borders that entails damage to the national sovereignty, which we must by no means allow, because of the predictable serious consequences.

Finally, he suggested that, on the borders, as in no other part of the national territory, a strong, balanced nationalism must be intensified, nurtured by our own history and by our strongest cultural roots, that will be capable of keeping our economic and cultural borders in their proper place as borders of the nation.

## The Flow of Underground Water

Jorge Bustamante, for his part, in a lengthy address, stated that there are phenomena in the northern border region of Mexico whereby the international border does not exist, this being the case in certain phenomena that shape the ecology of vast regions of this part of the continent, in which two nations converge. One of these phenomena is the flow of underground water.



Inasmuch as both the shortage of water and the increase in population are phenomena shared by the human habitats on both sides of the border, this increasing shared dependence is being rapidly directed toward the creation of a situation of high potential for conflict between Mexico and the United States.

As he explained, this address is aimed at warning of the potential risk of leaving the handling of the shortage of such a vital fluid as water in disarray.

He said that, in view of the tendency toward a depletion of the water in the northern border region of Mexico, it is quite likely that the shortage crisis will reach the level of a bilateral political problems in the next 5 years. And he stressed that the border dispute over water has the potential for becoming the most serious bilateral problem that Mexico and the United States have been faced with in their border relations during this century.

In conclusion, he suggested in his extensive report to the presidential candidate that his government plan include an incentive for total research of the hydraulic systems in the northern border region, as well as the United States systems, in making decisions within the regional political context of the border.

Secondly, he suggested intensive action in our foreign policy aimed at a search for the most just legal instruments for the management of the water resources in the border subsoil, in accordance with priorities for the use of water agreed upon with the United States, within a rational context of equity and justice.

#### The Border in the Foreign Policy Context

In his address, Mario Ojeda stated that the border strip is not just any region of the national territory, but rather the one which physically marks the beginning and end of the national sovereignty. And he added that the border is not the typical province either; it is a federal zone of a priority nature. Consequently, it comes within the context of foreign policy, in the broad sense, and within the framework of the relations with the United States.

Nevertheless, several of the recent policies toward the border strip have not learned this lesson and, far from it, in some instances have had effects contrary to the progress of the border's integration with the main body of the country.

Ojeda also cited the heavy flow of migrants reaching the border, which has caused the border strip population to increase at such a fast rate that now the concern over the heavy flow of migration is one of how to combat unemployment and underemployment, and of how to support the municipal governments in providing the necessary public services for the depressed urban zones created by the new arrivals. As a result federal programs have been put into effect, which have emphasized economic development and social assistance in the area.

In conclusion, he stated that the success of the programs has been limited, and has depended largely on the fluctuations of the peso with respect to the dollar.

The first conclusion drawn from this recent experience of federal programs for the border indicates that the government's policy is faced with a dilemma that

one suspects will be difficult to resolve, namely, how to foster the zone's accelerated development without in turn causing greater national disintegration of the border strip.

He repudiated the abolishment of free perimeters and free zones, because that would entail economic upheaval on a large scale and, furthermore, it would be met with strong opposition from the sectors affected. And he stressed that the national industry and agriculture are not in a position, for the present, to supply this potential border market, owing to their limited supply capacity.

He suggested keeping the real parity of the peso with respect to the dollar constant, avoiding long periods of overvaluation, which is apparently the only realistic short-term measure. Over the long term, the national policies on the border strip should reflect the zone's integration with the rest of the country as a priority goal and to an increasing extent.

2909

CSO: 3010/1635

## BUSINESS LEADER BASAGOITI OFFERS VIEWS ON SOCIETY, ECONOMY

Mexico City PROCESO in Spanish 3 May 82 pp 23-25

[Report on interview with Jose Maria Basagoiti Noriega, president of the Mexican Employers Confederation, by Jose Reveles: "Let the Government Solve Problems Only, Leaving Private Initiative Free"; date and place unspecified]

[Text] The precision of his words becomes here an ideological delimitation. He does not speak of a mixed economy and prefers to call it a subsidiary economy. Instead of private initiative, he mentions personal initiative. He does not pronounce the word "communism," or class struggle; he only alludes to that "philosophy of confrontation that seeks the annihilation of the opposing group."

This is Jose Maria Basagoiti Noriega, one of the most conspicuous representatives of the business class. Recently elected president of the Mexican Employers Confederation (COPARMEX), he was several years ago the head of the Social Union of Mexican Businessmen and vice president of UNIAPAC for Latin America, that international businessmen's organization adopted by the Christian Democrats, mostly in Italy.

One sees no hesitation in Basagoiti when he defines the functions of the government and private citizens.

"The person, society, should perform all the economic tasks possible, so that the government will do only those economic tasks that are necessary; it should not take initiatives belonging to private citizens."

The current director of COPARMEX participated in the founding of the Pan American Higher Business Management Institute, where he teaches some subjects, such as the Business-Family Course. What do you tell your students in their first class?

"The fundamental message, around which everything is structured, is that the family is the supremely basic cell of society. My crucial point is that the family comes before everything. Business is also a basic cell because it is the forge of mankind that has always educated the family. Business should conduct itself like one great family. The family should get on together, organize itself, develop itself like a great enterprise. I have always thought that the businessman should be, above all, a father. And being a professional as well as a father, he can then become a good businessman."

(IPADE maintains close relations with Opus Dei (see PROCESO 188), a movement founded and inspired by the Spanish priest, Jose Maria Escriva de Balaguer, that espouses a doctrine based on personal achievement, on the justification of power and money not being on bad terms with the Christian faith.)

"I always rebel against the theory of a mixed economy," Basagoiti Noriega explains. He says there is one part acceptable in that concept: that regarding the coexistence of a government economy with a private economy. "But when we say "mixed," we are not saying how it is mixed. I feel that a mixed economy should be consummated only through the principle of subsidiarity in a free country such as ours."

Basagoiti explains what he means by subsidiary economy:

"This theory consecrates the necessity of government intervention, but also at the same time the government must not intervene where it is not needed."

Expressed differently:

"The government must take the initiative when society does not cover the necessities that it should cover. But that is all. The government is needed to solve social problems, and only when the free initiative of persons, of the society in general, does not solve those problems."

(The doctrine of "subsidiarity" was perhaps first mentioned by Pius XI in his encyclical "Quadragesimo ANNO" in 1931. Later Pope Pius XII and Pope John XXIII used it. A German writer who was the former's counselor, Oswald Von Nell Breuning, was one of the principal ideologues of that school. Another and related concept is that politics should not interfere with individual affairs and those of the evolving society--the "polis" against the "civitas"--which is also defended by Christian traditionalists.)

The president of COPARMEX ("sometimes we get lost in the details") prefers to talk about broad issues.

"The business-society--this has been my old theme--is for the nation-society. That is why businessmen must be committed to Mexico. I do not know how a business can exist that does not have as its primary operating assumption its commitment to the nation. By rights, there is no such thing as an anti-national business. What would it be for? For selfish reasons only? It is better to remove it. That is not a business."

He sees the 17-point government austerity plan as something positive because "there is no social good when an economy is in disarray." There is resistance to a change toward austerity because of customs acquired in economic matters: "for some it was comfortable, for others simply easy, and for the majority it was something known and accepted." We Mexicans "have become accustomed to living loosely, easily."

He that had, even though it were little, he said, wasted it. He made it clear that "there are many who are in difficulties, and I speak, therefore, without

deprecating those who suffer and who are still outside of this context. We will all have to adjust, he says. Some measures may be inconvenient and even painful; there will be cuts, resignations, "but I believe the word 'sacrifice' is excessive; there will not be immolations."

(Jose Maria Basagoiti is president and director of La Tabacalera Mexicana, president of the board of the Hotel Alameda, proprietary commissioner of the National Bank of Mexico, and an advisor of Metalurgica Almendra S.A. and Tabacos Mexicanos, S.A.)

Abundance has never been a help to good management, he continues, and there has been poor management. "I would dare say that this is not all; abundance can be a source of corruption. A positive aspect is that the lack of abundance is going to make corruption harder.

"Austerity means, in some ways, control, renunciation, something more than effort, and fewer comforts. But austerity, precisely because of this, will represent work and productivity. If austerity is genuine, it should make us all happier."

Basagoiti calls those who have left the country "coward capital." And he is confident they will return. "I feel that once the economy is in order, the people are going to do away with that inconvenience of managing their affairs from afar. These are people who let themselves be carried away by economic cowardice, pressured by the need to protect their wealth."

Do you say the same about public officials as you do about those in private enterprise?

"Persons, persons," he repeats. "I believe it is the individual economies, and it is the same whether they be doctors, or architects, or public officials. And I am not measuring the stature, because economic cowardice is the same for those who have 10 as for those who have 10,000. Businesses are a mechanism on the march, with established investments, already loaded on the mule, as they say. It is not the businesses or the businessmen as such who take their money out of the country."

The president of COPARMEX asks for orthodoxy from the government, above all. And for him this means the minimum amount of interference needed by the economy. In addition:

"Within a subsidiary economy, the first aim is not to be wasteful. Second, we should spend by using priorities within our restrictions because when resources are not unlimited, it is necessary to attend to those things that are most needed first. We are dealing basically with the fact that our economic instruments must be put into production, not in spending."

When he speaks of his aid theory, based on subsidiarity, the subject of the interview feels at home:

"People should not be supplanted and therefore, decisions should not be made that they can make themselves. One should not help a person who can help himself

because that simply annihilates him, makes him irresponsible, makes him lazy, unconcerned, and irresponsible toward society. With regard to the work situation, I would say that there should be as many workers as possible and only as many foremen as are necessary; the foreman should not make all the decisions for the worker."

(UCID--Unione Cristiana Imprenditori Dirigenti (Business Leaders Christian Union), has as its president Vittorio Vaccari. He publishes a journal "about social information" called OPERARE with commentaries and analyses from the point of view of Christian businessmen. Represented in over 30 countries under the name of UNIAPAC, it has among its affiliates the USEM of Mexico, as well as the Social Union of Mexican Businessmen of Chile, the Christian Association of Business Managers of Argentina, the Salvadoran Business Managers Union, and the Businessmen's Social Action of Spain. The idea of organizing Christian employers started in the 1940s, believed to be for the reason that in factories with communist-run unions the workers had thrown some of the owners into the ovens. Four issues ago--they are quarterly--OPERARE published on the same page an extract of a paper entitled, "School and Business," written by young Italian businessmen, and a summary of a paper entitled, "State Enterprise or Private Enterprise?" by Hernando Campos Menendez, taken from the magazine USEM of Mexico. The word "private," it maintains, has the specific meaning of reserved or exclusive, "which does not appear to be an adequate connotation for management that sells its products to the public and which can have thousands of workers under its roof.)

The business leader is asked about confidence, about subjectivity as a factor also in political and economical progress, about the climate today compared with that of exactly 6 years ago.

"The psychological factor of confidence, I think, is often divorced from really objective facts. I feel that confidence has not been lost at this time. There is much concern. But there is no hate; this is a psychological element we should take into account. But the difference is very great between concern and unrestrained hate. There can be differences, but this is fundamental to solidarity. How terrible it would be if we tried to have a country where everyone spoke with one voice. But from differences to hate, to the desire to subject the rest, to ignore the opinions of the rest, there is an enormous distance.

Do you feel that that hate is fermenting at present?

"There are those whose philosophy is that of confrontation, the famous materialist dialectic, that is, the struggle of the antagonistic forces until one of them is annihilated; well I do believe there are many who think about that. Regarding whether society as such and the majority of Mexicans think that is the solution, I am totally convinced they do not. I do not think dogmas of that type have a future in Mexico at all. Those who seek a social solution in confrontation are a minority that is basically mistaken, Frankly, the theory of struggle until there is annihilation, is more noisy than convincing."

9015

CSO: 3010/1518



## D'ESCOTO REITERATES SOLIDARITY WITH ARGENTINA

PA282304 Paris AFP in Spanish 1923 GMT 28 May 82

[Text] Paris, 28 May (AFP)--Father Miguel d'Escoto, Nicaraguan foreign minister, today reiterated in Paris his country's "total and irrevocable solidarity" with Argentina in its "struggle against the British aggressors aided by the United States."

Miguel d'Escoto, who presided over the opening working session of the mixed Franco-Nicaraguan Committee and had lunch with the Argentine ambassador in Paris, Jorge Schamis, told the press that he considers "the war against Argentina an aggression against all of Latin America."

The Nicaraguan foreign minister headed the session along with his French counterpart, Claude Cheysson. Earlier d'Escoto had talked with Cheysson about economic cooperation between their two countries.

Reliable French sources noted that Nicaragua had voiced its wish, shared by France, to diversify commercial and economic relations and to develop its relations with the European Economic Community.

In the political arena, it was added, the problem of the Malvinas was not broached. The Nicaraguan official mentioned his government's position concerning eventual talks with the United States and Nicaragua's difficulties with Costa Rica.

Father Miguel d'Escoto is scheduled to leave Paris today, while the mixed committee will continue meeting on Tuesday.

France and Nicaragua have already signed two financial protocols of F50 million each (some \$8 million). The credits for technical, cultural and scientific cooperation in 1981 reached F2.5 million (approximately \$400,000).

With the increase of Nicaraguan imports to F113 million (\$20.1 million), France has an unfavorable balance of trade with Nicaragua. Exports to Nicaragua amounted to F34 million (about \$6 million), during the same period.

In December 1981, Nicaragua purchased military equipment from France for F80 to 90 (\$13 to \$15 million). The purchase included two coastguard launches, two Alouette helicopters, military trucks, rockets and rocket-launchers. This contract prompted harsh criticism by the United States.



## USSR DELEGATION TO REVIEW HYDROELECTRIC PROJECTS

PA292132 Managua EL NUEVO DIARIO in Spanish 22 May 82 pp 1, 12

[Text] A top level USSR technical delegation will arrive in the country in July to review the nation's electrical development projects, particularly the Copalar and Mojolka projects, which will receive valuable financing of more than \$700 million.

Heberto Incer Moraga, deputy minister [as published] of the Nicaraguan Energy Institute (INE), has told EL NUEVO DIARIO that by the year 2000 the country's demand for energy, according to our economic development, should amount to approximately 1,170 megawatts. This demand will be met through gigantic hydroelectric projects, reinforced by geothermal programs and a better use of the water reserves of Apanas Lake.

He explained that the government has several projects for the country's hydroelectrical development to use the large potential that Nicaragua has in this area.

He added that this development includes the construction of hydroelectric plants, which will use the water from the largest rivers in northern Nicaragua.

He said that the most ambitious project, the Copalar, is underway. The Copalar Dam will be built over Grande River in Matagalpa, 40 km east of Rio Blanco.

Incer Moraga reported that "the power that will be generated by this dam is estimated at 350 megawatts, approximately 1.2 million kilowatts per hour. This plant, which will be the largest in Nicaragua, will be constructed at an estimated cost of \$500 million, not including interest rates or future cost increases.

This project is being designed now. Its construction will begin in 1986 and the dam will begin operating in 1993. Negotiations for the USSR to build this project are underway.

Another important project is the Mojolka, located over Tuma River, 20 km north of Rio Blanco. This project is in the pre-feasibility study phase. This study will be concluded next month. The feasibility studies will begin in July under the Montreal Engineer Company of Canada, through \$2.3 million financed from the World Bank.

According to preliminary estimates, this plant will have a 160 megawatt potential, generating 600 million kilowatt-hours per year. It is estimated that this project will cost \$250 million at current prices. The USSR has been requested to design and build this project. It is estimated that construction will begin in 1985, in order to begin operations in 1989.

The INE official confirmed that our government is expecting the arrival of a top USSR delegation that will thoroughly evaluate these projects.

He also said that the government also has the Ye-Ye project which includes the construction of a hydroelectric plant over the Ye-Ye River, located 25 km northeast of Siuna. It will have a 27-megawatt capacity which will generate approximately 120 million kilowatt-hours per year. Bulgaria will finance this plant, which will cost \$30 million. The plant is currently in the design stage.

Incer Moraga explained that the present energy demand is 200 megawatts. He noted that by 1985 it will be 282 megawatts; by 1990, 460 megawatts and by the year 2000 it will be 1,170 megawatts.

Our country will meet this demand, not only through hydroelectric projects, but with the development of our geothermal potential and through better use of the present "Carlos Fonseca" and Centroamerica plants.

According to Incer Moraga, the "Asturias" project, which will make maximum use of the Apanas waters, will be implemented in 1985.

He said that a greater amount of water will be held in the area, thus permitting the operation of a third plant, which will be named Larreynaga. By 1986 this plant will generate 30 megawatts more than those produced at the Carlos Fonseca and Centroamerica plants.

Moraga noted that geothermal energy will be used in Nicaragua for the first time in 1983 with the Momotombo I, a project that will generate 35 megawatts. By 1988, "El Hoyo I," another geothermal plant with a 35-megawatt capacity, will begin operations. "El Hoyo II," which will generate 35 megawatts; will begin operations in 1990.

This is how our country expects to face the energy demands of the next 20 years. The energy supply is guaranteed by our hydroelectric potential found in large rivers in the country's northern region.

CSO: 3010/1662

## BRIEFS

INTERNATIONAL HELP SOUGHT--According to an official report, the violent storms have resulted in 67 dead and 60,000 other victims. The damage to property is estimated at between \$150 and \$160 million. Thirty percent of the country's crops have been affected and 36 bridges have been damaged--12 of these completely destroyed. Our economy has been seriously affected just as sowing was to begin. The government and the FSLN are bravely facing the situation and at the same time are giving guidance to and are praising the Nicaragua people for their exemplary conduct. Meanwhile, (Gustavo Farajon), president of the Evangelical Committee for Aid to Development has urged all religious organizations worldwide to help Nicaragua at this difficult time. Yesterday, the Second Congress of the Christian Conference for Peace being held in Managua appealed to the solidarity of the churches of the world to help Nicaragua. Delegates from Asia, Africa, Europe and the socialist and Latin American countries participating in this meeting unanimously approved the resolution of solidarity. The members of the Executive Committee of the Christian Conference for Peace agreed that the economic help received from abroad will be delivered to the National Emergency Committee, headed by the Junta of the Government of National Reconstruction. [Text] [PA281835 Managua Domestic Service in Spanish 1200 GMT 28 May 82]

SOCIALIST MEETING MANEUVERS FAIL--Commander Bayardo Arce, coordinator of the Sandinist National Liberation Front's Political Commission, has revealed in Managua the failure of a maneuver to have the Socialist International meeting held recently in Finland receive Nicaraguan counterrevolutionary ringleaders Eden Pastora and Alfonso Robelo. The Sandinist leader said during a news conference that Socialist International President Willy Brandt reported to the plenum that a member organization had requested that certain persons outside the organization be invited to the meeting but that Brandt had noted that the meeting was not a marketplace to which anybody could come. Arce added that following his speech, which focused on the Central American situation, a delegate alluded to his contacts with Pastora and Robelo and tried to create confusion about the situation in Nicaragua. Arce noted that Brandt [word indistinct] the debate on the subject and that other delegates privately told him of their solidarity with the Nicaraguan revolution after he had refuted the statements of the previously mentioned delegate. [Text] [PA010029 Havana International Service in Spanish 1800 GMT 31 May 82]

BRAZILIAN CREDIT AGREEMENT--The Nicaraguan National Development Bank and the Banco do Brazil have signed the renegotiation of \$3.5 million line of credit. This is the last phase of a \$30 million line of credit granted by the Banco do Brazil which has been used to purchase heavy equipment used in construction and agriculture. Another request for a long-term \$30 million credit was submitted and will probably be approved in June. [Managua BARRICADA in Spanish 22 May 82 p 12 PA]

NETHERLANDS GOVERNMENT DONATION--Managua (ANN)--David Callejas, executive director of the chemical and pharmaceutical branches of the People's Industrial Corporation has announced that the Netherlands Government has donated \$4.8 million to Nicaragua for the purchase of raw materials to be used by pharmaceutical and related industries. The donation will be channeled through the International Reconstruction Fund. [PA030137 Managua BARRICADA in Spanish 26 May 82 p 6 PA]

PERUVIAN CREDIT--Lima, (AFP)--Nicaraguan Institute of Fisheries Minister Alfredo Alaniz announced here today that Peru has granted Nicaragua a \$10-million credit to Nicaragua to help develop its fishing industry. Alaniz said that most of this credit will be used to acquire 13 fishing boats from various Peruvian shipyards at a cost of \$7.5 million. The rest of the credit will be used to purchase equipment. He added that a contract will also be signed with the State Fishmeal and Fish Oil Production Agency for the construction of a fishmeal plant in Nicaragua. [Managua BARRICADA in Spanish 28 May 82 p 7 PA]

AID FROM WEST GERMANY--Two West German Red Cross officials arrived today in Managua, according to the public relations office of the Nicaraguan Red Cross. They will meet with Nicaraguan officials to deliver aid totaling DM200,000. In addition, the mission will visit the places stricken by the recent storms. [Managua Domestic Service in Spanish 0000 GMT 1 Jun 82 PA]

MONETARY COUNCIL LOAN--The Central American Monetary Council has agreed to grant a \$13 million credit to Nicaragua. According to a report from San Jose, Costa Rica, where the council met, the \$13 million should help Nicaragua solve the serious economic problems inherited from the Somozist dictatorship and aggravated by last week's floods. [Managua SISTEMA SANDINISTA TELEVISION NETWORK in Spanish 0200 GMT 2 Jun 82 PA]

ARGENTINE RELIEF AID--The Argentine Government has offered 7,000 tons of wheat in aid for the rain victims. The announcement that the Argentine Government has offered Nicaragua aid in the form of 7,000 tons of wheat and corn was made by Companero Reynaldo Antonio Tefel, coordinator of the National Disaster

Committee. Companero Tefel said that the offer came through the Nicaraguan Foreign Ministry. Reynaldo Antonio Tefel also mentioned that an airplane sent by the Spanish Red Cross will arrive in Managua tomorrow evening at 1800. This airplane will bring several tons of food, medicine and clothing. [Text] [PA040434 Managua Domestic Service in Spanish 0300 GMT 4 Jun 82]

NEW JUSTICE MINISTER--Dr Carlos Arguello, former vice minister of justice, was sworn in today as minister of justice in a ceremony led by junta member Dr Rafael Cordova Rivas. [PA021249 Managua SISTEMA SANDINISTA TELEVISION NETWORK in Spanish 0200 GMT 1 Jun 82 PA]

MOZAMBIQUE AGRICULTURAL AGREEMENT--Nicaragua and Mozambique yesterday signed a technical cooperation agreement on agriculture. Based on this agreement, the two countries will exchange valuable information on the cultivation and processing of cotton, sorghum, beans, bananas, cacao, coffee and citrus fruits. [Managua Domestic Service in Spanish 1200 GMT 20 May 82 PA]

SOVIET HEALTH COOPERATION--Nicaraguan Health Minister Lea Guido has disclosed that 20 doctors from the USSR will come to Nicaragua next year as part of CPSU cooperation with the Nicaraguan Government. [Managua LA PRENSA in Spanish 12 May 82 p 14 PA]

YOUTH DELEGATION TO USSR--A 19 July Sandinist youth delegation leaves today for the USSR to attend the 19th Leninist Komsomol Congress to be held in Moscow from 18 to 21 May. The members of the delegation are Carlos Carrion, Sandinist youth coordinator general; Alejandro Morales, member of the Sandinist Children Association; Father Fernando Cardenal, Sandinist youth propaganda secretary; and Alma Nubia Baltodano, Sandinist Youth International Relations Commission member. [Managua BARRICADA in Spanish 14 May 82 p 12 PA]

AGRICULTURAL TRAINING IN CUBA--Thirty Nicaraguan youths have completed a 1-year specialty course in animal husbandry. The course was given at the Andre Veoisin School in Cuba and this training is part of the cooperation agreement between Cuba and Nicaragua. The youths agreed to cooperate with the cattle development in their country and to continue trying to excel culturally and politically. [Managua BARRICADA in Spanish 22 May 82 p 6 PA]

NEW STATE COUNCIL OFFICES--The State Council will move to the building that previously housed the Nicaraguan National Bank, according to Deputy Commander Rafael Solis, secretary of that legislative body. He explained that this building has better facilities such as a press conference room. [Managua BARRICADA in Spanish 23 May 82 [no page given] PA]

MEXICAN CULTURAL AGREEMENT--A Mexican-Nicaraguan Joint Committee for Cultural and Educational Cooperation have signed a cultural agreement in Managua. [Managua LA PRENSA in Spanish 3 May 82 p 6 PA]

BANCO POPULAR FINANCING--The Banco Popular has granted 176 million cordobas in financing to small enterprises during the first trimester of 1982. This has created jobs for approximately 24,000 workers. The loans for small industries amount to 77 million cordobas, 49 million cordobas for small businesses and 50 million cordobas in personal loans to workers. [Managua Domestic Service in Spanish 1200 GMT 22 May 82 PA]

MACHINERY PURCHASE NEGOTIATIONS--Gilberto Guzman Cuadra, deputy minister of industry and director of the People's Property Enterprise [APP], and the planning director [name not given] of the People's Industrial Corporation [COIP], have left for Europe to negotiate the purchase of machinery through a \$6 million or \$7 million line of credit granted by France. Later the delegation will go to the FRG and the GDR to visit the (Pitters) and (HBS) firms, which produce machinery used to manufacture industrial cardboard boxes. The French line of credit will be used to purchase machinery to cardboard boxes. [as printed] Presently, offers from the French (Montaigne), Inc., and the German (Pitters), Inc. and (HBS) companies are being studied. The machinery will be used in the industrial boxes project, which will be designed to meet national demand, and to replace cartons that are imported from Honduras, Costa Rica and other countries in the region. The industry will be a APP factory, in which 170 million cordobas will be invested. The new factory will meet local demand and is expected to produce some 20 metric tons of cardboard cartons in 1985. The industry will be established in the Leon sector, in keeping with a COIP study. It is expected to go into operation in 1984. [Text] [PA021817 Managua Domestic Service in Spanish 0000 GMT 2 Jun 82]

GOVERNMENT CHANGES--Nicaraguan Brothers: You are listening to Radio 15 September, which also offers you first reports on future changes in the mangy-dog regime. The dictatorship is breaking up internally and they are trying to place their confirmed Marxist-Leninists, true traitors and genocidal men [words indistinct] the people of Nicaragua. With the imminent and now almost public resignation of Dr Francisco Fiallos Navarro from his post as the Marxist dictatorship's ambassador to the United States of America, the dictatorship makes enormous and far-reaching changes in its government infrastructure. As a result of the contempt shown by Sergio Ramirez Mercado yesterday to tyrant Fidel Castro's brother here in Nicaragua, the government junta has been completely broken up. Upcoming changes in our country's government will be disclosed soon, changes we are advancing to our Nicaraguan brothers. Nicaraguan brothers, these are the top-level changes among the mangy-dog leadership. Let's listen: The Nicaraguan ambassador to the United States will be the well-known henchman of the dictatorship, Miguel d'Escoto Brockman, son of the previous Somoza



dictatorship. Sergio Ramirez Mercado will go [to] the Foreign Affairs Ministry. Rafael Cordoba Rivas will go to the Supreme Court of Justice. All these changes, Nicaraguan brothers, will be disclosed in a few days. They are being made in an attempt to hide the great rifts found today at the dictatorship's grassroots. For lack of time, Nicaraguan brothers, we cannot amplify this information. But please tune in tomorrow and we will give you more details of the changes that the mangy-dog dictatorship will disclose. [Text]  
[PA020427 (Clandestine) Radio 15 September in Spanish to Nicaragua 0230 GMT 2 Jun 82]

CUBAN DELEGATION VISITS--Managua, 31 May (ACAN-EFE)--Raul Castro Ruz, first vice president of the Cuban Councils of State and Ministers, arrived in Managua today at the head of a high-level mission that will discuss Cuban cooperation in Nicaragua's recovery. General Castro was accompanied by Minister of Transportation Guillermo Garcia Frias, Minister of Education Jose Ramon Fernandez, Minister of Construction Jose Lopez Moreno and Minister of Communications Pedro Guelmes, as well as by Gen Juan Escalona, vice minister of the Cuban civil defense national staff, and other officials. According to the Cuban Embassy in this country, the mission will meet with the FSLN National Directorate and the government junta to discuss the damage caused by the rain and floods last week, as well as the cooperation that the Cuban Government can extend to aid Nicaragua's recovery after the disaster. "Our abilities are modest, but we will do our part for Nicaragua and its revolution, as we have done so far," the Cuban Embassy said. Raul Castro, President Fidel Castro's brother, made no statements on his arrival in Managua. [Text] [PA311729 Panama City ACAN in Spanish 1652 GMT 31 May 82]

NONALIGNED MEETING INVITATION--Rafael Cordova Rivas, member of the junta of the Government of National Reconstruction, received Iraqi Irrigation Minister 'Abd al-Wahhab 'Abdallah yesterday. The Iraqi minister officially invited Commander Daniel Ortega, coordinator of the government junta, to attend the seventh summit meeting of the Movement of Nonaligned Countries that will take place in Baghdad in September. [Text] [PA021531 Managua Domestic Service in Spanish 1200 GMT 2 Jun 82]

CSO: 3010/1661



ILLUECA: INTER-AMERICAN SYSTEM 'DESTROYED'

FL022000 Havana Domestic Television Service in Spanish 1100 GMT 2 Jun 82

[Studio interview with Panamanian Foreign Minister Dr Jorge Illueca during "Revista de la Manana" program by Jose Arteaga--live]

[Excerpts] [Question] Welcome to our program. We know there is a serious situation concerning the fulfillment of the canal treaties. We would like to hear your opinion on this problem.

[Answer] First of all, I would like to extend a fraternal greeting to the Cuban people. I would also like to tell them how proud we are to be in this free Latin American territory. As regards the treaties, Panama made substantial progress this year because U.S. jurisdiction over the judicial, police and jail systems in the Panamanian territory formerly known as the Canal Zone ended peacefully on 1 April. However, we have very serious problems due to Law 96-70, which was approved at the suggestion of Congressman [Austin] Murphy. This law distorts the treaties and is incompatible with them. We are currently struggling against that situation. We want the Torrijos-Carter treaties to be respected. We want the canal's neutrality to be respected. We do not want the canal facilities used against any of the fraternal Latin American countries. That is the situation. We are here to continue fostering the nonaligned countries' solidarity.

[Question] Dr Illueca, the [nonaligned movement] coordinating bureau meeting opens today. One of the topics that has been monopolizing attention prior to this meeting is the situation in the Malvinas. We would now like to hear your opinion on this.

[Answer] The Malvinas crisis represents an anti-historical action by England carried out with U.S. aid. Argentina is sovereign over the Malvinas archipelago. This was recognized at the sixth nonaligned summit meeting held here in Havana. Argentina has Latin America's firm support. Of course, it is infamous that an extracontinental power, located 8,000 miles away should come to Latin America to try to restore a condemnable colonial situation, which has no place in our days. This has been possible only because of the support given by the

United States--logistical and informative support, aid in the form of missiles, ammunition and war material. All of these are being used to kill Argentines and Latin Americans, as if we Latin Americans were vermin, wild beasts or some inferior human species. Perhaps it is not a matter of Americans feeling superior to Latin Americans, but of their being inferior to the British, since they have subordinated themselves to this colonial scheme, which has not only created a crisis but also intensified the one that already existed within the UN system. In my opinion, this situation has destroyed the entire inter-American system.

That British flag trying to wave over the Malvinas distills blood. It has also created hatreds, (?bringing) resentment in the face of the humiliation that some seek to impose on Latin America. This resentment is aimed at England, at the United States and at all the powers that think that Latin America can still be subjected to colonialism. We Latin Americans must throw them out of the Malvinas and of all the redoubts they still maintain as colonies in our territories. This is Panama's position. I think this is also Cuba's position. This should also be the position of the nonaligned countries, without euphemisms like the commonwealth, or the use of diplomatic language. We must use a language they understand, the vertical language of those who want and are willing to defend their rights through the use of weapons. That is the present situation. That is the path we are treading.

[Question] As you know, Cuba's mandate at the nonaligned movement's presidency will conclude in the next few months. What is your government's view on Cuba's performance?

[Answer] As president of the nonaligned movement, Cuba has bestowed a great honor on Latin America. Since the sixth summit meeting was held in Havana, Commander Fidel Castro has implemented a nonaligned policy that has made our peoples' awareness flourish.

We think that through its leadership, Cuba has strengthened the nonaligned movement.

We in Latin America must think about implementing a collective system of defense and security that responds to Latin America's interests. We have great faith in that. We think that here in Cuba we will all continue working (?hard) to achieve those great goals so the world can have peace based on justice. Thank you very much.

CSO: 3010/1670

## ILLUECA ON WESTERN VIEW OF LATIN AMERICA

PA031530 Havana International Service in Spanish 0000 GMT 3 Jun 82

[Interview with Panamanian Foreign Minister Jorge Illueca by Pedro Martinez Perez at the convention palace in Havana; after the opening session of the nonaligned movement coordinating bureau meeting--recorded]

[Text] [Question] Illueca, I would like your impression of what this meeting of the coordinating bureau means for Panama and Latin America, in view of the fact that it is the last meeting before the seventh nonaligned summit.

[Answer] This meeting is very significant for Panama and all the Latin American peoples, as well as for all movement members, because it takes place at a time when the UN institutional crisis is worsening and when the inter-American system has virtually collapsed because of U.S. support for an extra-continental colonial power which is attacking a sister country, Argentina. Such a thing has obviously been done in an attempt to revive anachronistic and monstrous theories now that we are approaching the end of the 20th century and the beginning of the 21st century. This is why we attach great importance to this meeting. In this meeting we will establish the bases for the seventh summit meeting in Baghdad. Yet, this meeting will also have a bearing on world affairs as Cuban Foreign Minister Isidoro Malmierca mentioned today during his very important speech.

We believe this Malvinas crisis highlights the fact that Latin American problems are not simply those of Central America and the Caribbean. Latin American problems are the problems of the entire region, and they commit us Latin Americans to searching for solutions, because we have seen that we lack a collective security and defense arrangement. It is very important for the debates that will take place here, which will necessarily deal with these Latin American problems, to somehow contribute to providing a deeper orientation to the path which I believe Latin American statesmen should follow--that of boldly and frankly facing the very serious political and economic situations that we must indeed face.

[Question] Illueca, Panama is a member of the UN Security Council and it has been very active at the UN level in backing recognition of Argentine sovereignty over the Malvinas. I would like to know your impression of Panama's feelings regarding this role.

[Answer] As you have correctly stated, Panama is one of the Latin American members of the UN Security Council. In that respect, it has a great responsibility because, in one way or another, England has exerted great influence over its allies in the British commonwealth and over its European and Asian and even African allies. That is the same problem that the nonaligned movement faces. The nonaligned movement proclaims nonalignment as an anti-colonialist movement, as a movement against policies which acquiesce to the rivalries between superpowers or to bloc policies or to the policies of brutal alliances. It is based on this and this is one of its greatest spiritual appeals, because most of the nonaligned movement's members are former colonies.

That is why we do not believe in lukewarm expressions in the anticolonial sphere. Either we are anticolonialist or we are not. Let us not talk about such euphemisms as the use of force when there are hundreds of UN resolutions concerning cases in Africa and Asia which indicate that colonialism must be eliminated, that colonialism is a threat, that it is illegal, that it is just a criminal image for our children to watch and that we must resort to all the means available to states in order to erradicate it. There is an anti-colonialist law in existence. In considering those euphemisms of whether force should be used or whether force should be used for good or for bad, we must decide whether colonial situations must endure or whether they should be attacked and erradicated. And the only way to erradicate colonialism is to force it to leave.

[Question] Illueca, about the virtually complete unity of Latin America regarding the cause of the Malvinas, do you believe this wasn't expected by those who threaten our peoples' independence?

[Answer] I believe they didn't expect this, although they have shown great ignorance of Latin American nature. I believe there has always been a feeling of spiritual and cultural identity, of common goals in the back of the minds of all Latin Americans. Of course, they did not expect this type of reaction. And that just shows their lack of wisdom. At the same time, however, this has taught some things to the many Latin Americans who lived with the misconception of a false relationship with these Anglo-Saxon and European countries and who thought that relations of mutual respect could be kept in good faith. The truth is that the United States, Great Britain, and all EEC countries except Italy and Ireland consider Latin Americans second or third-rate peoples and think they can continue to treat us in a miserable, unfortunate, humiliating and undignified manner. I believe that Latin America simply stood up to side with Argentina.

CSO: 3010/1670

## ILLUECA DESCRIBES CHARGES AS AGAINST UK, NOT THATCHER

PA010215 Panama City Circuito RPC Television in Spanish 1700 GMT 31 May 82

[Report by Rene Hernandez]

[Text] Panamanian Foreign Minister Jorge Illueca arrived in our country on Saturday night from New York where he attended the UN Security Council meeting. In that meeting he outlined the Panamanian position on the conflict between Argentina and Great Britain. Illueca said that the situation is serious. At that meeting our country proposed a cease-fire in order to give UN Secretary General Javier Perez de Cuellar the opportunity to act as a mediator in the conflict. However, in Foreign Minister Illueca's opinion, the actions taken by Perez de Cuellar have proven fruitless despite the cooperation which was requested from Argentina and Great Britain.

Illueca emphasized that the charges made at the Security Council meeting were not against Prime Minister Margaret Thatcher but against the British position. When asked about the manner and language he used when he spoke about Prime Minister Margaret Thatcher, the foreign minister said:

[begin recording] I did not make a statement against Prime Minister Thatcher. I made a statement against the British position, against an extracontinental power that is trying to impose a colonial and anachronistic regime on the Latin American continent. The atmosphere there was calm and it was necessary that the truth be made known, including the bitterness and acidity of the debate, the resentment and sorrow on the part of Latin America over the infamous act being carried out against Argentina. This is what Panama did. It is not the words but the context on which we must focus. [end recording]

Foreign Minister Illueca said that the Latin American countries have made serious statements regarding the United States because of the position it took in the conflict.

[begin recording] [Illueca] Venezuela made serious charges against the United States. So did Peru and Brazil, a reserved, prudent and organized country. The Brazilian President visited Washington and attended no social events or receptions. So a crisis has resulted, a crisis that the United States and the United Kingdom are causing, an absurd and anachronistic crisis, an awkward crisis.

[Question] Dr Jorge Illueca, does the United Nations have the authority to send a peace-keeping force to the area of conflict without request from Argentina or the United Kingdom?

[Answer] They could do it, but in such a case the United Kingdom has the right to veto and the United States also has the right to veto. The Soviet Union has assumed an extraordinarily prudent attitude. At times one believes that there are high-level talks among these superpowers which discuss allowing these peoples to poison themselves and to create unheaven in the entire continent. And the United States keeps heading for the precipice. That is the situation and this is not said only by Panama but by all the Latin American countries that are members of the Inter-American Reciprocal Assistance Treaty (TIAR) with four exceptions: Chile, Colombia, Trinidad-Tobago and the United States.

[Question] Mr Minister, in this conflict what can Argentina expect from the nonaligned countries?

[Answer] That is a great question. What can Argentina expect? I believe it has already received a response because at the 1976 summit meeting in Colombo, which General Torrijos attended, the nonaligned countries proclaimed Argentine sovereignty over the Malvinas. When the nonaligned countries met in Havana for the sixth summit meeting, also attended by President Royo and General Torrijos, this statement, this recognition, was reiterated. Now Argentina is seeking to become a member of the nonaligned coordination bureau of which Panama is a member. Panama believes that Argentina could become more active and participate and that other countries of the region should also participate to make their rights heard. Also, if Argentina wants to be a part of the coordination bureau, Panama will do everything possible to help, up to and including giving up its seat so that Argentina may occupy it. [end recording]

The foreign minister emphasized that our country will request a new meeting of the Security Council.

[begin recording in progress]...will ask for a Security Council meeting. At this moment the request must already have been made over there because many human lives are being lost. We are especially interested in Argentina but also British lives are being lost and these lives are also very respected. [end recording]

Foreign Minister Illueca left yesterday for Havana, Cuba, to attend the meeting of nonaligned foreign ministers. He traveled in a Panamanian Air Force plane and was accompanied by the Nicaraguan Foreign Minister Father Miguel d'Escoto.

CSO: 3010/1644



## BRIEFS

U.S. EMBASSY CHANGES--Purge--The first secretary, political secretary and other officials at the U.S. Embassy have been dismissed, and Ambassador Moss was asked to resign. Apparently, they were all guilty of reporting on the political situation in Panama in the same unrealistic and novelesque way in which the leaders of the process report to the Panamanian people. The people in Washington were green with envy, saying: My, these Panamanians certainly live in a paradise! What a marvelous government they have won for themselves in the lottery, and what honest and honorable statesmen they have! How the people love and praise them! In order to find a place here [in Washington] with social peace even remotely comparable to what they enjoy, we would have to go to Arlington [cemetery]! And Panama's favorable climate for investment seems to have been created by Adan Smith himself, with a little help from Friedman! But...the pitcher is taken to the well so often...Reagan's arteries are not in very good shape. I certainly would not vouch for Haig's intelligence, much less for his syntax. And eminent endocrinologist Jorge [Foreign Minister Jorge Illueca] has not yet completed his diagnosis of Mrs Kirkpatrick's case. To sum it up, the house of cards so lovingly built has suddenly collapsed, just as I predicted in an article some time ago. Absent-minded Reagan and arrogant Haig finally realized that their representatives in Panama have been pulling their legs, and so they got rid of them. [Text] [From the "In a Few Words" column] [PA042040 Panama City LA PRENSA in Spanish 3 Jun 82 p 8C]

U.S. LIAISON COMMISSIONS--Panamanian civilian, military and judicial authorities will definitely not accept the so-called liaison commissions that the U.S. southern command is trying to impose on us. A national guard spokesman told CRITICA that during the last days of May, through a letter, the U.S. Army has been pressing for the establishment of what it calls liaison commissions. The U.S. Army proposes that when a member of the U.S. armed forces breaks Panamanian law, he is not handed over to the Panamanian authorities, but is instead placed in the custody of the illegal liaison commission. About 2 weeks ago in Colon Province, a U.S. soldier committed a serious traffic offense in Colon Province, and the U.S. military authorities attempted to have the case transferred to the ghost liaison commission in order to evade Panamanian justice. However, the Panamanian military authorities, who are charged with upholding the provisions of the Torrijos-Carter treaties, and the letter and spirit of our 1973 political constitution, did not permit the illegal liaison commission to operate. The U.S. soldier was sent to a Panamanian jail in the custody of the Panamanian Justice Department. The Panamanian military source also told CRITICA that there



is nothing in the 1977 canal treaties authorizing such liaison commissions and under no circumstances will this commission be accepted and that Panamanian authority will be firmly complied with. [Text] [By Carlos J. Nunez L.] [PA042325 Panama City CRITICA in Spanish 4 Jun 82 p 2]

HONDURAN AMBASSADOR'S FAREWELL--Salomon Ciliezar, Honduran ambassador to Panama, visited Panamanian President Aristides Royo this week to officially bid him farewell after concluding his mission in our country. [PA311219 Panama City LA ESTRELLA DE PANAMA in Spanish 26 May 82 p C-7]

NEW PRD PRESIDENT--Berta Torrijos de Arosemena and Dr Ernesto Perez Balladares were elected president and secretary general of the PRD [Democratic Revolutionary Party] respectively, when the 250 members of the party's national leadership, who in the Atlapa convention center, voted yesterday. The ticket "Unidad" also included Dr Jorge Medrano, vice president; Abraham Saied, first assistant secretary general, and Harley James Mitchell, second assistant secretary general. The new provisional leadership joins the National Executive Committee, which was practically left without leadership by the resignation of Gerardo Gonzalez, former secretary general, and the death of Ascanio Villalaz, assistant secretary general. The party had not chosen its president due to a "historic commitment." Gen Omar Torrijos, who died, following a tragic accident, would have been elected PRD president. The winning ticket was presented to the plenum of the Executive Committee by popular leader Ramiro Vazquez Chambonet, who said the newly-elected officials were elected by a consensus of the party ranks. "The time has come," Vazquez Chambonet said, "to regroup our forces and prepare for the forthcoming political battles." He added that the Democratic Revolutionary Party must prepare to meet the demands of our people and walk side by side with them in the solution of their problems. [Mario Martinez Puente] [Text] [PA292254 Panama City CRITICA in Spanish 29 May 82 p 2]

CSO: 3010/1644

## RICHARD WEBB DISCUSSES EMERGENCY ECONOMIC MEASURES

Lima EL COMERCIO in Spanish 8 May 82 p A-2

[Text] The seriousness of the economic situation will require the government to take "emergency measures to survive," according to the opinion recently expressed by the president of the Central Reserve Bank, Richard Webb, on the occasion of the swearing in of the new Executive Council of the School of Economics of Lima.

The chief executive of the currency issuing bank went right to the point in avoiding euphemisms common in the previous decade, when everything was rose colored. He set out frankly the difficulties this country is encountering in the course of its development. It is necessary for the public to know the truth. This is not a matter of sowing pessimism, but neither is it the time to tell happy stories for children. We are adults and must see reality as adults.

At present, in addition to the traditional obstacles pertaining to our underdeveloped economy, Peru is encountering other, serious problems arising out of the international context. The world recession has found our country suffering from a sick economy, since for more than a decade it has squandered its resources in an atmosphere of the most absolute disorder. In the recent past Webb pointed out that the international crisis has caused a loss of \$780 million in terms of low prices for our exports, a figure which amounts to 3 percent of our GDP [Gross Domestic Product]. The consequence, the president of the Central Reserve Bank stated categorically, has been the following: we have lost a year of growth.

This picture requires the government not to obtain more credits than those already contracted for to implement development projects and programs, or rather "to provide us with an adequate cushion of reserves." Not only will the Treasury incur no more loans, but there will be no more appointments to the civil service, trips by officials will be avoided--except those really essential--there will be restrictions in many government offices, and all unnecessary expenditures will be avoided, as the prime minister proposed.

The speech by the president of the currency issuing bank should alert public opinion. It is proper for the country to know that it will have to make great sacrifices to deal with the present difficulties. It is essential to stimulate productive activity, giving support to exports in general and most especially to the so-called nontraditional exports.

5170

CSO: 3101/1605

## PERUVIAN TRADE WITH JAPAN ESTIMATED AT \$252 MILLION IN 1981

Lima EL COMERCIO in Spanish 15 Apr 82 p A-16

[Text] Peru recorded a surplus of \$252 million in its trade with Japan in 1981. This surplus, according to a report of the Japanese Export Trade Office (JETRO), was achieved despite an increase in imports of Japanese products and the fact that the overall trade balance of Peru recorded a deficit of \$320 million. JETRO states that a Peruvian surplus in trade with Japan has been recorded for the last several, consecutive years.

In 1981 Japanese exports to Peru totaled \$350.1 million, and Japanese imports of Peruvian products were valued at \$602.2 million. The principal products which Japan purchases from Peru are raw materials, traditional products such as iron ore, nonferrous metals, zinc, silver, copper, tungsten, etc. whose value in 1981 was \$221.3 million.

Contrary to the situation in 1980, in 1981 Japan imported crude oil valued at \$193,492,000. Japan also imported manufactured goods worth \$160.6 million. Among the manufactured goods which Peru sells on the Japanese market are textiles, woolen yarn, and a variety of nontraditional products which, although not exported in great volume, are significant as showing new lines of nontraditional Peruvian exports.

Among the nontraditional products which Japan imported are manufactured leather items, clothing, overcoats for children, woven clothing items, alpaca woolen bags, dehydrated vegetables, and pumps for liquids containing solid wastes. Under the category of food products are coffee and cacao, in particular.

## Japanese Exports

Japanese sales to Peru cover a wide array of light and heavy industrial products. Under the heading of heavy industrial products are iron and steel products and chemical products, machinery, motors, office equipment, textile machinery, electrical machinery, equipment for the mining and construction industries, color television sets, equipment for telecommunications, engraving equipment and automobiles. The value of all of these products was \$304.6 million.

Figures on trade between Peru and Japan over the last 3 years are as follows: Japanese exports to Peru in 1979 were \$141.9 million; in 1980 they were \$306.1 million; and in 1981 they were \$350.1 million.

On the other hand Peruvian exports to Japan in 1979 totaled \$511.1 million; in 1980 they were \$475.1 million; and in 1981 they were \$602.2 million.

5170

CS0: 3101/1605

## BRIEFS

GDR MINISTER'S VISIT--The deputy foreign minister of the German Democratic Republic, Dr Bernhard Neugebauer, arrived on 10 May for a 2-day official visit, during which he will have a series of meetings with high officials of the Peruvian Government. He said that his visit would try to improve even more the excellent relations which the two countries have in the commercial, economic, industrial, scientific, technological, and cultural fields. On Thursday the senior German official will meet with Foreign Minister Javier Arias Stella to touch on matters concerning development and the international situation, within the framework of broad possibilities for strengthening bilateral relations between the two countries.

Commenting on the South Atlantic crisis the German official said that he had talked to Argentine Foreign Minister Costa Mendez, who had informed him of developments regarding the Malvinas Islands. "We are in favor of a peaceful settlement on the basis of the UN Charter and its resolution on decolonization. We think that further bloodshed must be avoided," he noted. He expressed the hope that the efforts of United Nations Secretary General Javier Perez de Cuellar, to whose work the world attaches great importance, will contribute to a peaceful settlement of the conflict. Neugebauer will also meet with the secretary general of foreign relations, Ambassador Guillermo Llosa; with the deputy minister of economy, Dr Roberto Abusada; and with high officials of the Ministry of Industry and Tourism. On his arrival in Peru Dr Neugebauer was met by Dr Vicente Azula, chief of ceremonial activities in the Directorate of Protocol of the Ministry of Foreign Relations, and by Dr Hartmut Hoffman, charge d'affaires of the German Democratic Republic, as well as by other officials of that embassy. [Text] [Lima EL COMERCIO in Spanish 11 May 82 p A-4] 5170

CHINESE TECHNICAL DELEGATION--The People's Republic of China announced through its ambassador in Lima, Xu Huan, that technicians in ecology from that country would come to Peru to help increase agricultural production on the desert Peruvian coast. The East Asian diplomat said this in bringing out the high points in the relationship of cooperation and friendship which now exists between China and Peru, indicating that such cooperation and friendship are increasing every day "because the two countries are fraternal peoples." His comments were supported by the mayor of Lima, Eduardo Orrego Villacorta, with whom he recently visited the ruins of Chan-Chan in La Libertad Department. Ambassador Xu Huan was much impressed with the deeply carved hieroglyphics and with the broad setting of Chan-Chan

culture, pointing out that those decorations are similar to those existing in some of the thousands-of-years-old ruins in his country. "The word 'Chan' in Chinese means prosperity," he said, "and I think that this zone will achieve the greatest prosperity and development in the immediate future," he added, referring to the dryness of a large part of the valley. At the time he visited the area and crossed the desert zone between Trujillo and San Pedro de Lloc, Ambassador Xu Huan offered to arrange for technicians from his country to carry out ecological studies on the types of plants which can be grown on our naturally desert coast, in order to increase agricultural production, in addition to the traditional solution of costly irrigation reservoirs and canals. During his visit to San Pedro de Lloc, the ambassador repeated his wish that relations between China and Peru become closer. He expressed appreciation for the action of the mayor of Lima in inviting him to make this trip through the northern part of the country. "The only way to know a country and its peoples properly is to see them directly, as they live," he said, shortly after having been declared the honored guest of the authorities of San Pedro de Lloc, who handed over to him the keys to the city as a proof of friendship. Ambassador Xu Huan was also received as an "honored guest" of the city of Trujillo. The distinguished visitor expressed his appreciation for the welcome which historically the Peruvian people had given to Chinese immigrants. [Text] [Lima EL COMERCIO in Spanish 17 May 82 p A-6] 5170

CSO: 3010/1605

END

**END OF**

**FICHE**

**DATE FILMED**

June 18, 1982